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of the

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. . . April 1953

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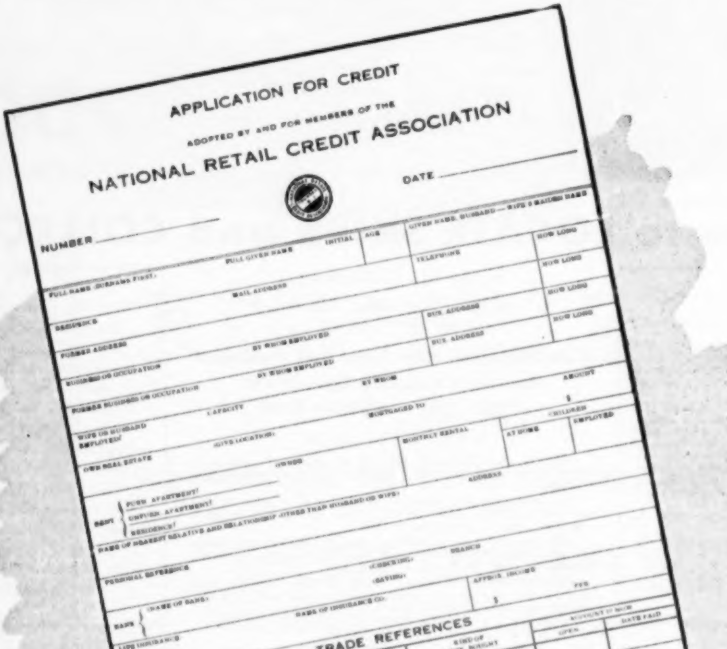
APPLICATION FOR CREDIT
ADOPTED BY AND FOR MEMBERS OF THE
NATIONAL RETAIL CREDIT ASSOCIATION
DATE
NUMBER
TRADE REFERENCES
SIGNATURE

The CREDIT WORLD

REGISTERED IN THE UNITED STATES PATENT OFFICE

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EDITOR L. S. Crowder

ASSOCIATE EDITOR Arthur H. Hert

Editorial and Executive Offices . . . 375 Jackson Ave., St. Louis 5, Mo.
Advertising Representatives: Irving V. Koch, 64 E. Lake St., Chicago 1, Ill., Ralph Duysters, 141 East 44th St., New York, New York.
Washington Counsel, John F. Clagett, 1424 K St., N. W., Washington 5, D. C.

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In This Issue

Five Feature Articles

Five Other Highlights

Eight Departments

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Occupation and Credit Risk

ROBERT S. HANCOCK, *Instructor in Marketing*, University of Illinois, Urbana, Ill.

(Reprinted from *Current Economic Comment*, Bureau of Economics and Business Research, University of Illinois)

DURING the last few decades there has been increased interest in research and specialization in the area of retail credit. This tendency is explained by the recognition of the significant economic role which retail credit plays in our everyday life, and the realization by retail merchants that credit is an additional factor assisting sales.

No one individual or group is responsible for the changes and improvements in the organization of retail credit. Some of the major colleges and universities contributed when, a few decades ago, they added courses in credits and collections, small business finance, and mercantile credit to their curricula. The efforts of the Associated Credit Bureaus of America since 1906, the National Retail Credit Association since 1912, the Federal Reserve System, and the credit divisions within trade associations and chambers of commerce have substantially contributed to the clarification of the role of credit in our economy and the education of credit men and women.

An interesting, yet rather controversial, bit of retail credit research takes the form of studying occupations and arriving at credit standings related thereto. There have been few attempts to gain such objective credit ratings. This may be attributed to the fact that there is more of a lay interest in this type of study, since people in the field feel that occupation alone does not provide a rational basis for the evaluation of a credit risk. This point is discussed in more detail in the final section of this article.

The study of occupational credit standings dates from 1931 when Professor P. D. Converse, a pioneer in the science of marketing, first made such an analysis. In 1941 he repeated the survey, increasing the size of the sample and the number of occupations studied.[1]

Because of widespread interest in Professor Converse's 1941 study and requests for a similar analysis since World War II, a repeat of the earlier studies was undertaken in 1951. The present study was conducted with the cooperation of the Associated Credit Bureaus of America and with the aid of the Bureau of Economic and Business Research.

The list of occupations to be rated was drawn from the *Dictionary of Occupational Titles,* prepared by the United States Department of Labor. This was done to utilize standard titles of the listed occupations. Forty-two occupations were selected to be surveyed, representing professional, managerial, clerical and sales, service, agricultural, skilled, semiskilled, and unskilled groups. The occupations were to be rated by local credit bureau managers and retail store credit managers. Inasmuch as each respondent was to grade the various occupations as good, fair, or poor, measures were necessary to insure that the grading be objective. Hence, respondents were requested to define good, fair, and poor credit risks in terms of per cent of defaults. The definitions obtained in this manner were applied in rating the various occupations.

[1]P. D. Converse, "The Occupational Credit Pattern," *Opinion and Comment,* August 12, 1941, pp. 1-9.

A sufficient number of credit bureau managers and retail store credit managers replied to this query so that the aggregate of their responses defined good as 8 per cent default, fair as 25 per cent default, and poor as 50 per cent or more default. In other words, the credit rating for any particular occupation was obtained by weighting the number of people rating that occupation as good, fair, or poor by 92, 75, and 50, respectively—the complements of the *average default percentages.* The percentage ratings in Table I applicable to the various occupations were calculated according to this method.

The findings of the 1951 study of occupations and credit standings are presented in Table I. The tabulations are based on 104 reports from credit bureaus and 101 from stores active in retail credit trade. Of the total number of credit bureaus and stores surveyed, completed forms were received from 21 per cent. The credit bureaus responded better than did stores, since 29 per cent

Table I. Credit Ratings of Various Occupations,* 1951

Occupation	Average	Credit Bureaus	Stores
Business executives	90.9	91.0	90.8
Accountants and auditors	90.1	89.8	90.3
Retail managers (independent)	89.9	90.1	89.8
Chain store managers	89.9	90.3	89.4
Physicians, surgeons, and dentists	89.3	88.9	89.6
Engineers (chemical, civil, etc.)	89.2	88.6	89.9
General farmers (owners)	88.7	89.3	88.1
Army and navy officers	87.7	88.0	87.4
Office workers (clerks and stenographers)	87.1	87.7	86.5
College professors and instructors	87.0	87.5	86.6
Railroad clerks	86.8	87.3	86.4
Skilled factory workers	86.8	86.3	87.2
Post office employees	85.4	85.4	85.4
Railroad workers (trainmen)	84.7	84.5	84.8
Hotel and restaurant managers	84.4	83.3	85.5
Other schoolteachers	83.7	84.4	83.0
Clergymen	82.5	83.1	82.0
Nurses	82.5	81.5	83.5
Public officials (Federal, state, and local)	82.1	82.0	82.2
Retail sales people	81.5	80.7	82.2
Printers	80.1	79.7	80.5
Lawyers and judges	78.3	76.3	80.4
Traveling salesmen	77.0	77.4	76.7
Plumbers	76.9	75.9	78.0
Policemen and firemen	76.4	75.9	77.0
Carpenters	74.8	74.2	75.3
Guards and watchmen	74.3	72.6	76.0
General farmers (tenants)	73.1	72.6	73.6
Truck and bus drivers	71.6	69.8	73.4
Soldiers and sailors (enlisted men)	71.0	71.6	70.5
Unskilled factory workers	70.7	69.4	71.9
Janitors	70.5	69.7	71.3
Section hands	70.1	68.4	71.9
Plasterers	69.7	68.7	70.7
Barbers	68.1	67.4	68.7
Coal miners	67.7	69.1	66.9
Common laborers	67.5	66.7	68.3
Bartenders	63.8	63.3	64.3
Musicians	63.2	63.8	62.5
Domestic servants	63.1	61.5	64.6
Painters	61.8	61.1	62.5
Farm laborers	60.3	59.9	60.7

*Percentage ratings were calculated according to the following scale: good, 92; fair, 75; poor, 50. These factors were applied to the number of times respondents rated various occupations good, fair, or poor.

of the credit bureaus surveyed returned a completed report.

It will be noted that Table I has been divided after the twenty-first occupation, so that an equal number of occupational groups appear in each section. There are certain characteristics which seem to prevail among the higher-rated occupations, which consist largely of professional, clerical, and highly skilled manual workers. Stability of income and better utilization of income are characteristics which are generally apparent among these occupations. These are important factors in the business of extending retail credit. Although there are exceptions among all occupations, the sense of responsibility which an occupational group may have will substantially affect their paying habits. This fact may be attributed to the kind and amount of education or training which is necessary to perform these better-rated jobs. Some of the training may be of an informal nature and gained over years of experience; on the other hand, many of the better-rated occupations represent several years of formal education and personal discipline. Although this may or may not be true of office workers, retail sales people, public officials, and others, it should be noted that many of them hold responsible and better-paying positions.

Several of the occupational groups with low ratings are made up of transient workers. Such workers have always been regarded as doubtful credit risks because they have little sense of credit responsibility. This is true of those thousands of workers who frequently move from one town to another, such as men in the building trades, unskilled factory workers, section hands, common laborers, and farm laborers. Until recently it was a simple matter for a worker to "skip" his debts and assume another name on arrival in a new community. The network of credit bureaus throughout the nation, strong union affiliations, social security registration, and income tax laws have significantly hampered this practice. In contrast to the better-graded occupations, it is considerably easier to enter these occupational areas, i.e., with few exceptions, less formal education or training and less personal discipline are required of those occupations with lower credit standings. This may partly account for their low degree of credit responsibility.

Stability of Income

Stability of income is a more tangible characteristic of the better-rated occupations. Inasmuch as the stability of income is as important as the amount of income in credit risk appraisal, it plays an important role in credit study. Credit selling is most effective when directed toward those individuals who have the financial ability to successfully respond to the series of demands of an installment contract or the recurring amounts due on open-account purchases. Selling techniques are thus perhaps best when designed to attract the largest number of people with a reasonably regular income to move the product from the retailers' shelves. The merchant who appeals to the few family units in the highest income bracket has no particular credit problem and is not affected; and conversely, the lowest income brackets which tend to utilize all of their income for the necessities of life constitute almost no market for the credit seller. Consequently, those occupational groups which have a high degree of regularity of income would seem to make up the largest and most satisfactory group of credit purchasers in the long run.

Although the twenty-one better-rated occupations may contain a few groups which have large incomes, the fact that there is great stability of income among these workers is more important. Periodically a few of these occupations (physicians, surgeons, dentists, and farm owners) have irregular incomes. In recent years various economic changes and better credit and collection methods have "cushioned" their irregular receipt of income and their receipts are spread more evenly over the year. A large income does not seem to indicate general credit acceptability when the stability of incomes of army and navy officers, office workers, schoolteachers, post office employees, and so on are compared with the equivalent but irregular incomes of lawyers, traveling salesmen, general farmers, plasterers, coal miners, musicians, and similar groups. The occupations in the lower half of Table I may not enjoy the large incomes of a few of those in the top portion of the table, but a substantial number of occupations with low credit standings receive more income than do many occupations which are rated higher. Is it logical to assume that a large income which is highly irregular may be less advantageous creditwise than a somewhat smaller income which is highly stable and secure? This may be true because a large income received occasionally by a family unit with many and changeable demands may encounter the problem of overestimating present needs while underestimating future needs. Stability of income rather than a large income characterizes the occupations in the top half of Table I.

The utilization of income also has some effect on the ratings assigned to the various occupations. Although there are numerous exceptions, many of the groups listed in the lower half of the table do not utilize their incomes in the accumulation of equities as much as do others. Some of this is no direct fault of the individual but is due to circumstances beyond his control. During the past war and during the current armament expansion, many plumbers, carpenters, guards and watchmen, truck drivers, soldiers and sailors, and unskilled factory workers have moved from city to city or from airfield to army camp or to any place where their labor was in great demand. This mobility of labor frequently resulted in costs to the individual worker which did not contribute to his well-being although income may have remained fairly stable and at a high level. Expenses such as high rents, moving costs, higher prices for food, need for transportation, and, in some cases, outright extravagant living contribute little to a worker's progress and sense of responsibility.

On the other hand, many other occupations are not so adversely affected by our recent economic changes, and along with great stability of income and the permanence in their community which their work requires, they have accumulated homes, automobiles, furniture, and other family assets which are more easily provided when income and residence are stable and are not as easily subject to unforeseen expenses. Some of the adverse circumstances mentioned above undoubtedly have contributed to a less desirable utilization of income from the standpoint of accumulation of equity in assets. There appears to be greater savings possibilities, more stability of income, and perhaps a greater sense of credit responsibility in the better-rated occupations.

Table II shows the relative standings of various occupations rated in 1951 compared with those rated in 1941. Although the current study used somewhat different occupational titles than did Professor Converse, the relative standings exhibit little distortion. Dentists were rated separately in 1941 and ranked 14th, whereas in 1951 physicians, surgeons, and dentists were rated as one occupational classification. Civil service employees, contractors, college students, and waiters (hotel, restaurant, and so on) were rated in 1941 but not in 1951, and their relative standings then were 8th, 19th, 23rd, and 32nd, respectively.

For the most part, the ratings in 1951 compare favorably with those in 1941 despite the fact that several of the credit managers surveyed believed there were no poor credit risks because of the changed economy and full employment during the major portion of 1951. While some occupations gained better standings in 1951, others were lower than in the earlier study. For instance, one of the most significant changes is evidenced by the present standing of physicians, surgeons, and dentists as contrasted with their former rating, i.e., 12th and 14th place. This may be accounted for by the rather recent and present-day efforts of the medical profession to be more alert in the turnover of their receivables, which results in increased ability and interest in maintaining their own credit standing. A considerable change in their early years' earning capacity has also taken place. A few decades ago the graduates from medical schools ventured into the profession by opening their own offices; and the first five years or so were lean until a substantial medical practice had been developed. Today, however, there are numerous opportunities for physicians, surgeons, and dentists to earn immediate salaries with clinics, corporations, hospitals, or governmental agencies.

Table II. Relative Standings of Various Occupations, 1951 Compared with 1941

Occupation	1951	1941
Business executives	1	1
Accountants and auditors	2	—
Retail managers (independent)	3	7
Chain store managers	4	3
Physicians, surgeons, and dentists	5	12 & 14
Engineers (chemical, civil, etc.)	6	9
General farmers (owners)	7	10
Army and navy officers	8	2
Office workers (clerks and stenographers)	9	5
College professors and instructors	10	—
Railroad clerks	11	—
Skilled factory workers	12	4
Post office employees	13	15
Railroad workers (trainmen)	14	6
Hotel and restaurant managers	15	—
Other schoolteachers	16	11
Clergymen	17	18
Nurses	18	16
Public officials (Federal, state, and local)	19	—
Retail sales people	20	13
Printers	21	—
Lawyers and judges	22	21
Traveling salesmen	23	17
Plumbers	24	24
Policemen and firemen	25	20
Carpenters	26	25
Guards and watchmen	27	—
General farmers (tenants)	28	28
Truck and bus drivers	29	—
Soldiers and sailors (enlisted men)	30	35
Unskilled factory workers	31	26
Janitors	32	27
Section hands	33	22
Plasterers	34	34
Barbers	35	33
Coal miners	36	31
Common laborers	37	29
Bartenders	38	36
Musicians	39	39
Domestic servants	40	30
Painters	41	37
Farm laborers	42	38

Independent retail store managers or owners have also gained a better relative standing since 1941. The return of consumers to the independent merchants for scarce and better quality merchandise during the rationing period of World War II substantially increased the sales volumes and net profits of this occupation. With these increased profits many merchants were able to take advantage of more modern and better methods of retailing and thus passed some savings on to the consumer in direct competition with the chains. The concerted efforts of independent merchants for more attractive establishments, more efficient means of distribution, free or "slight charge" services, and better quality goods may account for their improved position from an economic standpoint. Again this may be true because many of their wartime customers retained from the 1941-1947 period enjoy larger and more regular incomes. Independents may be able to maintain this high credit rating so long as their better methods of operation reduce or retain operating expenses at a level which permits a reasonable margin of profit and are therefore attractive enough to warrant the better quality coupled with the varied services which the shopper desires.

Army and navy officers were formerly rated very high. It will be noted in Table II that this group is now 8th in the relative standings. This change may be accounted for by the apparent difference in the "times" in which the two surveys were undertaken. Although they still enjoy a good position among the various occupations, military officers were more highly regarded as credit risks in 1941 than they are today. The experience of World War II has relegated the profession from a once select and highly trained group to one of general coverage of many occupations. The thousands of reserve officers who remained in the military services at the completion of World War II were perhaps those who were either marginal in their civilian capacity or those who had not gained a foothold in a civilian career. Many of the reserves who remained in military service have been integrated into the regular ranks on relaxed requirements.

College professors and instructors were not rated as a group in 1941, but were covered under the heading of "schoolteachers." It will be noted that this profession and other schoolteachers were rated separately in 1951. College professors and instructors have a better credit standing than do other schoolteachers. Although other schoolteachers have a good rating they are often paid for only nine months, whereas the universities and colleges have a higher scale to start with and pay additional salary to those doing summer teaching. The continued regularity of income is well illustrated by comparing the credit standings of these similar occupations.

Skilled factory workers, railroad trainmen, retail sales people, traveling salesmen, and several other occupations experienced lower ratings in 1951. Some of this change can be accounted for by the fact that more occupations were included in this study and consequently, on a relative basis, the comparison is slightly distorted. In addi-

tion, other factors such as labor strikes, inflationary trends, and lagging wage increases have contributed to the instability of real income among some groups and have thus affected the occupational credit risk pattern.

Professor Converse's 1941 study further revealed that women were reported to be better credit risks than men in the same occupation. More than 58 per cent of the respondents in 1941 said women were better credit risks. Substantially the same findings hold for the current study, since 55 per cent reported that women were better credit risks than men. Approximately 22 per cent of the total reports asserted that men and women rated the same. Among the laboring groups, union members are preferred to nonunion members by 64 per cent of the respondents. Further, home owners and married persons are obviously considered better credit risks than their opposites.

Not all credit men are in agreement as to the significance of occupation to credit risk appraisal. This was indicated earlier and is the basis for some controversy as to the value of occupational credit pattern studies. This point was further strengthened by comments from the groups surveyed. It is again emphasized that occupation alone is not a rational basis on which to offer or withhold retail credit. What is important is the fact that there appears to be certain outstanding characteristics of the people who are in particular types of employment. It has been illustrated that regularity of income and better utilization of income may play a significant role in determining the reliability of an occupational group. It is therefore felt that occupation should not in itself be the deciding factor in the offering or withholding of credit.

Because the more specific factors which will aid in determining the reliability of risk are occupation, age, character, reputation, the amount and regularity of income, reserve assets such as savings, securities and other holdings, and equity in various kinds of property, one cannot construe an occupational credit study as a recommendation of a member of one occupational group over that of another as a better credit risk. What, then, can an occupational credit pattern indicate? An occupational credit study of an objective nature can help credit people by providing an effectual basis for better credit investigation of those occupational groups where the exposure to credit risk is greater. Individual exceptions among various occupations are so numerous that judgment on employment alone is not good business, but occupational differences are often large enough to operate as a guide to the extent of the investigation.

A sound credit structure is highly important, both to the consumers and to the retail businesses of this country. Such a structure is aided when past happenings and future expectations are recorded in individual credit reports gained through adequate credit investigation. The intensity of a credit investigation required of an individual credit risk is suggested by the exposure to losses as reflected in Table I. It may be as costly to investigate a credit risk too thoroughly as it is to investigate too sketchily, and therefore the credit man must strive to recognize the strong and weak points which are subject to investigation. A better basis for credit investigation and hence more rational credit transactions will guard businesses against some losses and contribute to a healthier economic position. ★★★

Why Customers Quit and How to Bring Them Back

GORDON K. MORRISON, *Mail Advertising Counselor,* Amarillo, Texas

"Though fire or storm destroys my fine buildings, fixtures, and merchandise I have lost little as long as I keep the loyalty and good will of my customers."—John Wanamaker.

NO ONE, in the history of merchandising, appreciated the true value of a customer more than John Wanamaker. He knew how to treat people to inspire loyalty and good will. He gave dollar-for-dollar values, honestly advertised, and he expressed appreciation for his customers' business at every opportunity. Customers were not just *names* on Wanamaker's books. They were living, breathing, emotional people who responded generously to individual attention.

There are hundreds of modern merchants who have customer-relations programs as good, or better, than Wanamaker's but there are hundreds of others who have no planned customer-relations program at all. Evidence of this, according to the *Retail Ledger,* is the fact that the average retailer loses regular customers at the rate of 15 per cent per year. This is a high mortality. Eighty-one out of every 100 customers are gone in ten years, as is shown by the following table:

15 customers quit the first year leaving 85
13 customers quit the second year leaving 72
11 customers quit the third year leaving 61
9 customers quit the fourth year leaving 52
8 customers quit the fifth year leaving 44
7 customers quit the sixth year leaving 37
6 customers quit the seventh year leaving 31
5 customers quit the eighth year leaving 26
4 customers quit the ninth year leaving 22
3 customers quit the tenth year leaving 19

Fifty per cent of the customers who quit do so between the fourth and fifth year. By the end of the tenth year only 19 out of every 100 remain loyal.

The loss of a single customer is not too important to a retail business but the annual loss of 15 per cent of its customers *is* important. Just how important is revealed by the following statistics which have been quoted before in The Credit World.

An average customer will spend:

$362.00 per year with a Department Store.
$197.00 per year with a Men's Clothing Store.
$236.00 per year with a Ladies' Ready to Wear Store.
$187.00* per year with a Furniture Store.
$ 89.00 per year with a Jewelry Store.
$256.00* per year with a Drugstore.
$215.00* per year with a Service Station.
$30.00 to $56.00 per year with a Music Store.
$35.00 to $68.00 per year with a Shoe Store.

According to these figures, which are national averages, a department store loses $30,166.67 in business a month, $181,000.00 in six months and $362,000.00 in a year from each 1,000 customers who are inactive. Unfortunately these figures do not represent all the loss suffered when a customer quits. There is also the cost of gaining the customer to be considered.

*Figure altered by Statistics gathered from trade groups.

Authorities, who have studied such costs, agree that the average Retail Merchant spends at least $20.00 to obtain each customer who opens a charge account. This includes advertising, selling expense, credit investigation, bookkeeping expense and general overhead. Thus when a store loses 1,000 customers it has lost a $20,000.00 cash investment.

Cut these figures in half to be conservative. Assume that it only costs a department store $10.00 to gain a customer who spends $181.00 a year. Every 1,000 inactive customers it has represent an annual loss of $181,000.00 in business and a *cash* investment of $10,000.00. Such a potential loss is certainly worth a great deal of thought about why the customers quit and a sound, planned program to recapture as many as possible.

Jean Bloom, of San Francisco, found the answer to why customers quit when he conducted a national survey several years ago. Here are the major reasons:

68.0 per cent quit because of discourteous treatment, poor service or *indifference.*
14.0 per cent had grievances which were not adjusted.
9.0 per cent were lured away by lower prices.
5.0 per cent were influenced by friends to trade elsewhere.
3.0 per cent moved away.
1.0 per cent died, or were unaccounted for.

Eighty-two per cent quit because of *neglect.* Whether the reason was discourteous treatment, unadjusted grievances, poor service or *indifference* to their business on the part of the store, it all adds up to neglect in the customer's mind. Someone neglected to impress upon the lost customers that they were wanted, important to the business, and that their business was appreciated.

People yearn to be appreciated. They love individual attention. They seek recognition. And they do not change when they become *customers.* The average customer wants to be made to feel that his business is important and that he is a valued customer.

Value of a Satisfied Credit Customer

When Mrs. Self-Importance storms into a store, woe be it unto the salespeople who do not jump to serve her. When she returns a purchase that is not satisfactory, the complaint department had better be on its toes. Yet the same Mrs. Self-Importance can be made to purr if she receives a friendly letter from the Credit Sales Manager informing her that her *valued* account had a birthday. Should she not use her charge account for a few months she feels "mighty appreciated" if the store president writes to tell her that she is missed and invites her back. Such little gestures of attention make her feel her importance and give her the urge to come back.

Nearly every credit executive will agree that one old customer is worth two new ones. Yet most retailers concentrate their efforts, and advertising, on gaining new customers while overlooking the old faithfuls who are gradually drifting away.

Old customers require no confidence-building advertising or selling effort, no credit investigation nor extra

bookkeeping expense. They are familiar with the store, its personnel and merchandise. But more important, it is difficult for a competitor to entice them away because their buying habits are well established.

Therefore, when an old customer's account becomes dormant for an excessive length of time it is good business to go to work on him. The longer he stays away the harder it is to bring him back because he is forming new buying habits.

The best way to bring back a strayed customer is to see him and talk things over. If some grievance exists, go to any reasonable length to adjust it. Tell him his business is appreciated and invite him back.

If it is not practical to talk to inactive customers, then write sincere, friendly letters, telling them essentially what would be said in a personal conversation and, just as important, tell it in the same way.

If dormant customers do not respond to the first letter, write another and another and another until they answer, resume buying or are given up as completely lost. The cost of a few letters (about 10 cents each) is nominal compared to business lost while their accounts are inactive. Enough customers will respond to make the mailings profitable.

Research on the value of follow-ups in a direct mail campaign to inactive customers indicates that the "pull" will increase as mailings continue. A Chicago store proved this point with a five-letter campaign, to 500 inactive customers, over a period of two months. Results per letter are as follows:

Letter Number One revived 50 customers.
Letter Number Two revived 24 customers.
Letter Number Three revived 48 customers.
Letter Number Four revived 48 customers.
Letter Number Five revived 76 customers.

Letter number five outpulled letter number one by 56 per cent. Total results for the entire campaign were 48 per cent.

Besides bringing back inactive customers, mail campaigns will uncover many legitimate complaints which otherwise would not be called to the attention of management. If the "lull" in the customer's buying is only temporary, a few cheerful letters will let the customer know his business is sought after and they will go a long way toward welding stronger customer relations for the store.

How to Write Inactive Account Letters

When considering a series of letters to revive dormant customers, much thought should be given to copy. Dashing off a letter just to get something in the mail will not bring maximum results. Neither will "borrowing" copy from a book of sample letters do the job expected. "Copied" letters will bring back a few customers, but for that matter so will almost any kind of letter. There are always a certain number of customers who will return anyway. The kind of letters that will produce the best results are the ones written in the plain conversational language of the customer.

Letters written to bring back strayed customers must be better than eloquent. Each letter has less than two minutes to sooth ruffled tempers, or do a thorough selling job, or bring back someone who possibly swore he would "never do business with that outfit again." It is difficult for just one letter to be so eloquent. However, several letters can be. Many well-planned and well-written campaigns have stopped just short of success by one or two letters.

The number of mailings necessary to bring back the most inactive customers will vary with the seasons, types of business, and buying habits of customers. I consider three letters to be an absolute minimum and recommend from six to twelve for the best results.

Henry G. Lytton Company, Chicago, conducted a long and profitable direct mail campaign to reactivate their dormant customers. They planned and sent eighteen monthly mailing pieces to 29,000 inactives. The results were highly satisfactory. 12,069 (about 42 per cent) of their old customers reopened their charge accounts and made initial purchases amounting to $441,808.00. If all the 12,069 reactivated customers remained active on the books of the store for a year their total purchases would amount to over $3,000,000.00. Cost of the eighteen-piece-mail campaign probably did not exceed $3,000.00. It is only one-tenth of one per cent of the potential annual buying power of the 12,069 customers who came back as a direct result of the mail campaign.

Frequency of Mailings

The frequency of mailings for a well-planned inactive account program depends upon the number of times a year a customer ordinarily purchases certain merchandise. Mr. Bloom's survey determined the average number of purchases made a year by customers of the following retail outlets to be:

Department Store	10	Millinery Store	3
Drug Store	26	Music Store	4
Men's Store	5	Furniture Store	2
Book Store	4	Shoe Store	3

Department stores can count the average customer inactive who has not used his account for 90 days, whereas a furniture store cannot estimate inactives for at least six months. Therefore, department stores may safely mail their inactive customer letters once a month and obtain immediate results. The furniture store should space its mailings at least two months apart and send at least six letters.

The credit executive who works his inactive accounts diligently will have fewer worries during the competitive days ahead. He has, however, a selling job on his hands in most instances. He must convince management that a portion of the advertising budget should be diverted to direct mail advertising because it is not possible to thoroughly resell inactive customers without spending some money.

The amount of the store's advertising appropriation that should be allocated to direct mail depends upon the size, type, and location of the business.

Once a direct mail program for inactive customers has been established it should be maintained on a perpetual basis. When customers do not use their accounts over a given period of time they should automatically receive letters reminding them that their accounts are open, that they are missed, and are wanted back. The merchant who pays close attention to his inactive accounts and works them early and consistently need have no fear of "fire or storm" because he will keep the loyalty and good will of his customers. ★★★

Consumer Credit as Viewed by a Banker

R. M. CHESNEY, *Vice President,* Wachovia Bank and Trust Co., Charlotte, North Carolina

IN THE MAJORITY of businesses there is need for intelligent passing of credit and, as a consequence, the fundamental requirements of good credit granting vary with the nature of many different types of businesses. The newsboy in his teens passes credit when he waits on you until the end of the week for the total of the week's newspapers. In later years his initials on a credit file may be the difference between a substantial profit or a sizeable loss to the organization he then serves as credit manager.

We are told that the use of instalment credit can be traced over a long period of time. The annals of history report that in ancient Rome an energetic real estate operator sold houses on instalments. The Singer Sewing Machine Company made its product available to consumers on a time-payment plan. International Harvester has been selling agriculture machinery on an instalment loan basis for over a hundred years and during that period losses have averaged a mere fraction of one per cent.

Review business after business of all kinds and you will find need for some form of credit granting. I used to eliminate drugstores until I was in one recently and heard a little boy tell the druggist, "My mother sent me for two packs of cigarettes and she said please charge it." However, I thought credit granting was going a bit too far when under a recent cartoon of the parents bouncing the new baby up and down, there appeared the following: "Two more payments to the doctor, and he's ours."

To those of us in the business of selling money, to be repaid on a deferred payment basis, there are many different risk angles to be considered, and yet in many ways our requirements differ not at all from the basic requirements of the credit other folks are extending daily in their businesses. Where we sell money, they sell merchandise or services. The big question is the same, "Will we be paid in accordance with the agreed terms to the end that we will have maximum volume, normal losses, and maximum profit?"

To begin with, we require an application from each borrower, setting forth residence address, nature and length of employment, salary, and other types of income, number and character of dependents, references, both current and paid out, name and relationship of nearest relative with whom he is *not* living, and above all, the purpose of the loan.

We recognize our responsibility to help solve the customer's financial problems. However, in many cases, we serve the customer best by counselling against the loan, after we have all the facts. In other words, we endeavor to assist people to get out of debt rather than into it.

While you may not realize it, to us the matter of the borrower's residence address is important. The credit executive, in the course of time, naturally becomes well acquainted with the various sections of the town in which he lives, as well as the surrounding territory. This knowledge, applied to the particular borrower, will reveal, in quite a number of instances, important credit data bearing on the borrower's moral and social standing.

The borrower's address, in certain buildings and certain undesirable sections of cities, should put the credit executive on his guard at once, where automotive financing is involved. Usually under such circumstances further investigations show that the claimed occupations of such borrowers are merely cloaks which hide illegal and hazardous enterprises. In the country or in small towns, the address may indicate a section wholly or almost wholly devoted to one industry, which is or is expected soon to be affected by seriously unfavorable conditions which may restrict or deprive the borrower of his usual income.

The age of the borrower is important. In that connection, the 21-year-old borrower has been found all too often to be under the claimed 21-year age, which naturally makes him a minor. A contract cannot be enforced against a minor, if he elects to disaffirm it. Generally, a person 21 years is a minor at law for the execution of contracts.

Aside from the legal angle, the 21-, 22-, or 23-year-old borrowers usually lack experience, and, as a class, have not gained a sense of personal responsibility. They want an automobile and in one way or another get possession of one. Whether they will be able to pay the monthly payments promptly and subsequently the contract in full, frequently does not enter their minds.

The other extreme, that of the very old borrower, is equally disturbing. Where the borrower is 65, 70, or 75 years of age, the likelihood of sickness, accident or death is high. Also, as the borrower is getting along in years, there is the matter of his continued productivity to consider closely. In such cases, it is usually wise to shorten the repayment period as much as possible and secure the loan as conditions permit.

Importance of Investigation

Current employment and income are naturally the most important part of the investigation because without satisfactory continuity of employment and satisfactory income all other favorable developments of the credit investigation mean little. From the standpoint of satisfactory continuity of employment, we endeavor to cover the applicant for a period of 24 months and, during that period of time, we normally expect the borrower to have had two positions or more. When a factory or any other business concern finds itself obliged to reduce forces, it usually selects the most recently employed. Frequent lay-offs in an applicant's history, or numerous changes of jobs, mean that his employment is quite temporary and with the first stretch of bad business or the slightest recession of business, the next lay-off is made a final dismissal. Over a period of many years it has been our experience that most of our losses occur on borrowers who have held their present positions less than two years.

Where a borrower, in changing jobs, continues in the same line of activity, we do not consider it a break in

the continuity of employment, provided the changes are not frequent and reasonable job improvement appears in the offing. A watchmaker with one company should be just as successful with another.

The borrower's income to a credit application is like the heart to the human system, and every angle of credit consideration naturally centers around it. If insufficient or spasmodic, favorable consideration of the risk is almost impossible.

I have never heard of a fool-proof method of arriving at the amount a borrower can pay monthly. At best we are all at the mercy of the borrower incurring additional obligations entirely out of proportion to ability to pay. However, our application form requires the borrower to list outstanding obligations and their manner of repayment. All things being equal, especially on automobile loans, we feel that a married borrower, or a single borrower with dependents, can incur a debt of not more than one-half of his verified monthly income and single persons, without dependents, one-half of verified income.

This yardstick, a none too certain one at best, must be sufficiently flexible to apply to all cases. For example, we refer to "dependents" and it is obvious that the married man with two dependents is a better credit risk than one with five dependents. On the other hand, a further investigation might show additional income to strengthen the family coffer. Incomes in rural sections may not allow for the fact that the borrower, if not definitely a farmer, may raise sufficient food in his garden to permit more of his income to be available for payment of debts. Where the wife works the income of the home is increased proportionately.

Income does not necessarily mean salary, and there are applications where income is derived from investments, pensions, insurance, etc. Incomes of this sort are sometimes more reliable than salary incomes, especially in the cases of pensions and insurance, because they are usually regular and not affected by current economic conditions.

A satisfactory pay record with others ranks next to the matter of salary. We have all seen many cases of satisfactory and sufficient income where the borrower's inclination to pay his just obligations is not good; such borrowers prove almost as unsatisfactory as the individual with inadequate income, except that in collection effort there is the consolation of knowing that where satisfactory income exists collection can usually be made.

Consideration of Borrowers Paying Habits

The manner in which the borrower pays others must be carefully considered. I have seen instances where a borrower with a none-too-good pay record, but who has consistently paid his bank obligations, will pay us satisfactorily. However, where a borrower has been slow pay with a bank with an otherwise satisfactory pay record, we can usually expect collection difficulties if the loan is made.

You would be surprised at the number of automobile borrowers who will keep up automobile payments at the expense of other secured or unsecured debts, especially the latter. Then, too, you will recall how many doctors, clinics, and hospital indebtednesses appear to go completely ignored, despite sufficient income and an otherwise satisfactory pay record.

Our own satisfactory previous experience with the borrower is quite often the trap into which a lot of us fall when we fail to make a current investigation. The fact that a customer has paid us on a previous occasion, unless that satisfactory experience was most recent, is no guarantee that his present status will permit his repeating that performance. In our business we must at least verify that satisfactory employment and income continue, and that the borrower's current debt condition is not out of hand.

On our application form we require that the purchaser give us the name, address, and relationship of the nearest relative with whom he is not living. This information has often helped us when confronted with a borrower who has left for parts unknown. Little do some people realize when they innocently give us this information at the time of the loan that it will be the means of our finding them when they try to evade us.

In the case of automobile loans, the amount and nature of the borrower's down payment are quite important. Where for any reason the down payment is not up to standard or not in the form of cash or properly appraised trade-in, the borrower's inclination to go through with the loan arrangement is affected accordingly. While that condition does not usually apply today, when automobiles carry such high values, I have seen many cases in previous years where the borrower permitted the car to be repossessed because he had little to lose. On refrigerator and appliance financing, where small down payments have been permitted in previous years, I have seen instances where a \$10.00 down payment and two or three \$5.00 or \$6.00 monthly payments are all purchasers have paid between late spring and fall or hardly the equivalent of the rental cost.

Of equal or perhaps greater importance than the acquisition of a satisfactory volume of business is the collection of that business after it has been put on the books. We furnish the borrower with a coupon book containing as many coupons as he has payments to make and he is expected to pay promptly when due. We send the borrower three past-due notices at five-day intervals and if collection is not made, the account is referred to our field representative on the outside and our credit man on the inside.

While we all have our own approaches to the collection problem which naturally differ according to our respective businesses, there is one point I would like to emphasize and that is the importance of so-called "Customer Analysis." What are the circumstances surrounding the particular debtor? We naturally have numerous cases of past-dueness where promptness existed heretofore and careful investigation reveals unusual circumstances which warrant special and considerate handling. Good and worthy customers, victims of unexpected loss of employment, unexpected sizeable medical expenditure, or other reverses over which they have little or no control, welcome the sympathetic handling we try to follow under such conditions.

Then there is the important matter of gauging your approach to the past-due customer in keeping with his or her station in life. You would not tell the tenant farmer that unless payment is forthcoming at once you would "exercise your prerogative as holder of his note for value and in keeping with the acceleration clause

declare the entire balance due and payable." He would better understand more simple language dealing with his continued ability to buy necessities on time whereas the professional or business man would understand this language. Flexibility within your staff is a keystone to an efficient collection system.

It is only within the last 25 years that instalment lending has become a major field of financial activity. There were two major lines of development to bring about this result.

(1) With the development of the Morris Plan banks, and later the small loan companies, the principles and methods of instalment lending were applied to personal cash loans.

(2) In the expansion of the consumer durable goods industries during the 1920's, automobiles in particular played a major role in the expansion of instalment lending. Whatever may be the respective merits of buying for cash or on time, American consumers came to rely to an increasing extent, on instalment borrowing to finance their purchases of automobiles, electric refrigerators, vacuum cleaners, washing machines, radios, furniture, floor coverings and other durable goods. The successful record of lending agencies which specialized in this class of instalment paper amply demonstrated that instalment credit could be extended safely and profitably.

As a consequence of these developments, instalment lending has become the established method of financing the credit needs of consumers, either for cash loans or to obtain credit to buy goods, which are too expensive to pay for out of current earnings. Instalment credit, although generally identified as consumer credit, has a much wider scope than cash loans to consumers. It enables the farmer to buy tractors, plows, combines, and other machinery with which he cultivates, plants, and harvests his crops. Small businesses find that instalment and term loans give them access to credit to buy needed equipment when other types of loans might be difficult to obtain. It channels the purchasing power of the average American family into worth-while purchases that enable them to enjoy a higher standard of living than they could otherwise achieve. It permits buying out of future income. It creates mass markets and makes mass distribution possible. Small truckers can buy trucks and auto-trailers on a basis which permits them to pay off their loans from the additional revenue which the new equipment earns. Food stores can buy showcases, refrigerators, and frozen food units and meet instalment payments from increased earnings.

Commercial banks did not compete directly for instalment loans until the middle of the 1930's. There are a number of reasons for this belated interest. Perhaps the most important one was the fact that until the depression of 1929 the resources of commercial banks were fully engaged in other profitable fields of lending and investing. When the depression came, business conditions were not conducive either to lending by banks or borrowing by businessmen.

As conditions improved, this situation did not improve too greatly. This emphasized the need for banks to explore ways and means to stimulate these earnings and part of the answer seemed to be instalment or consumer credit. Also it was obvious from the loss experience of

(Turn to "Consumer Credit," page 30.)

Is It Worth Saving?

Dr. J. L. BRAKEFIELD, ***Director of Public Relations,*** **Liberty National Life Insurance Company**
Birmingham, Alabama

(Continued from the March Issue)

America was built by work. It is maintained by work and any and all advancements in the future will be the result of work. Those who would change the "American Way" should be easily recognized. They go up and down the land screaming the rights and privileges of the common man. Who among us has met a man in America who calls himself the common man? America is an uncommon country. Its people are uncommon people and they conduct an uncommon economy. America was built, is maintained and will be increased by uncommon men.

Again those who would substitute some other way of life for the "American Way" are continually attempting to set group against group, to engender strife, to arouse suspicion, and to destroy confidence. Marxian philosophy is their stronghold. Over the last 100 years they have used three methods of approach to the destruction of capitalistic enterprise:

1. Machine age.

Karl Marx and his followers told the people that the machine would reduce them to servitude and would increase management to untold riches. They said that the machine would reduce the number of workers, thereby creating mass unemployment. They claimed that the machine would produce excess profit for management and reduce the income of the worker. Let us see what has actually happened. During the 100 years the work week has been reduced from 72 hours to 40 hours and the worker has had his wages increased for the work week to the amount of about 500 per cent. One hundred years ago men and mules did 73 per cent of the work and machines accomplished 27 per cent. In contrast to this, men and mules are now doing 6 per cent of the work and the balance, 94 per cent, is being turned out by machines. At the same time there has been a material increase in employment in relation to the total population and, as all of you know, the American worker has a standard of living unparalleled anywhere else in the world.

2. Labor against management.

The "Planners" found that their teachings about the machine had proved to be in serious error. They found that the machine proved to be the greatest thing that had ever come the way of the worker, that it increased his efficiency, increased his earnings, provided time for leisure, largely removed fatigue from labor, and increased work opportunities.

Failure in this attempt did not, for a moment, alter their purpose to destroy the capitalistic system of enterprise. They reasoned that conflict between labor and management would bring about the accomplishment of their objective. Therefore, they set out at about the turn of the century to create antagonisms between the two. Labor was encouraged to make unreasonable demands upon management.

Let it be said as forcibly as we are capable, that there has been and there is now nothing fundamentally wrong with American labor. American workers are honest and loyal and they have always wanted to perform their duties to the best of their abilities. This cannot be said, in every instance, for labor leadership. Labor leadership has not, on all occasions, kept faith with the purposes and aims of its office. American workers have, all too often, been misled and caused to act without full knowledge of the issues involved. This situation is rapidly being corrected. The workers are demanding clear and unmistakable explanations of the issues and definite and reasonable causes for action before they will follow the suggestions or commands of their leaders.

Management, like labor, is fundamentally sound. However, there have been flagrant violations on the part of management in more than a few instances; violations which have led labor to question the honesty and sincerity of management as a whole.

During the last few years both labor and management have earnestly and with encouraging results sought to eliminate their antagonisms; sought to develop mutual understandings of their points of view; and worked toward a formula that would solve the problems peculiar to their individual positions and those that are experienced in common.

There is on the horizon an evident hope, a definite indication, that labor and management will soon resolve their differences; develop a mutually satisfactory and profitable pattern of procedure; a pattern that will result in harmonious understandings and lead to economic and social progress of undreamed proportions.

The "Planners" will fail, have already failed, in their attempt to destroy the American capitalistic enterprise method of developing, maintaining and increasing business and industry, of enhancing human values and of building an economic and social structure that will more abundantly provide the essentials for human progress and provide luxuries for human happiness. Their efforts to engender antagonisms have resulted in the setting into motion of effective and determined democratic processes; processes which create and fortify freedom among men and processes which assure progress in all factors of a free economy.

Labor and Management Problems

Labor and management are rapidly finding the answers to their problems and out of the conflict there will come a stronger America and a happier people. The "American Way" will survive this obstacle as it has met and overcome tremendous difficulties in other ways.

3. Government against business.

Immediately upon the realization that their "Labor against Management" objective was doomed to failure, the "Planners" moved over into the field of government. They reasoned that a "System of Government Controls" and a program of "Economic Welfare" could be developed which would take profit and incentive out of business. Their success over the last two decades has been more than considerable. Through its "System of Controls," government has made business planning and

development most difficult and caused many to reduce risk capital to a dangerous minimum. As a result of its "Economic Welfare" program, government has become a competitor of free enterprise in many factors of our economy and to support its program, government has continued to decrease free enterprise capital through increasing taxation.

The American people have come to recognize the dangers and are rapidly turning to the job of their correction. England's experiences have had profound influence upon the thinking of our people. They are now convinced that the "Something for Nothing" theory is all wrong and that such pattern of procedure can lead to Socialism as the least consequence and if allowed to continue will result in Communistic practices.

America will do an "about face." It will not sell its heritage for a "mess of pottage." The "Planners" soon will be removed from high places and they and their followers will learn that a "free People" will not relinquish their sovereignty.

Accomplishments of Our Free Economy

Those who visit with us from other parts of the world are amazed at the accomplishments of our free economy. Everyone who comes here sings its praise and admonishes us to never let go of it. They have seen the results of so-called planned economies. They have found that such economies reduce the standard of living and prevent individual development. Men everywhere want employment opportunities; want opportunities to develop to their ultimate potentialities; want to enjoy ever increasing standards of living; want freedom; and they want security. The American system of free enterprise offers more opportunities for accomplishment of these goals than any other system in human experience.

America will survive the "New Deal" and the "Fair Deal" and will return to the "Old Deal" and to the use of tried and true methods which made our country great. Public opinion—the jury in a free economy—will render its verdict against the "Planners" and will call to leadership those who believe in the "American Way" and the "Freedom Way."

The damage done is tremendous and recovery will require the co-operative and co-ordinated efforts of all the people. It will call for patience and understanding. Twenty years of socialistic trends have proved costly but whatever the cost we shall return to the way of our fathers whose toil and sacrifice gave us the opportunity of life so abundant.

4. Political freedom.

America believes in responsible individualism. They believe that government should be designated and controlled by the people, believe that the ballot is the instrument of control and that all men should use it intelligently and forcibly, that government should function under a system of checks and balances. Political freedom requires a well-informed public and a public that analyzes all issues and accepts or rejects proposals after the facts have been obtained.

Democratic institutions can and shall endure only so long as the ballot is kept sacred and is exercised in the interest of the greatest possible numbers of the people. There is no place in the "American Way" for those who seek personal gain, group preferences or political advantages. For every privilege there is a commensurate responsibility and for every opportunity there is an equal obligation.

The maximum effectiveness of democratic processes requires full participation of the people in determining the powers and activities of government. It is the solemn duty and obligation of every citizen to vote in accordance with his best judgment, in light of information obtained by thorough and unbiased investigations of the issues involved. Block or group votes are not always in the best interest of all the people. Citizenship is an individual responsibility and only those votes that are cast on individual bases are in harmony with the fundamental principles of a free economy.

Political freedom of subsidized groups is most difficult if not impossible. Few are there who would "Bite the hand that feeds." Economic freedom and political freedom go hand in hand. One can hardly be had without the other.

5. Religious liberty.

Americans are immeasurably fortunate to have greater educational advantages than can be found anywhere else in the world. They are and shall ever be humbly thankful for the free, competitive and capitalistic enterprise system which has demonstrated its superiority to any other economic practice yet devised. No other people on the earth have political freedom comparable to that enjoyed by Americans. These are wonderful and none of us fail to boast of them.

Religious Liberty Makes Men Free

Its schools and colleges, its political freedom, its smokestacks and factory wheels, hydroelectric dams and power lines, highways and skyways, magnificent cities and beautiful homes, productive lands, unparalleled forests and tremendous mineral resources are not the greatest asset of America. In addition to and over and above all these there is the one asset, religious liberty, that makes men really free, that releases men from bondage, that enables them to walk and live in harmony one with another, that gives them unrestrained privileges of communion with their God in accordance with the dictates of their conscience.

Religious liberty is the basic fundamental of human freedom. Once religious freedom is denied man, he offers little resistance to the restrictions of all other freedoms. Among his first acts, the Dictator suppresses or eliminates religious liberty from among the people. When this is done, his cherished objective of human bondage can rapidly be realized. Among the many constructive attitudes that religious freedom has created among the American people, three appear to characterize particularly their ultimate objectives for men the world around.

A. Harmony among nations.

America believes that nations can get along one with another. It believes that kings, dictators and duly

elected representatives can settle international differences around the conference tables. To this end America has extended extraordinary efforts and despite situations that now persist the results have been and continue to be encouraging. Our relations with the countries to the South of us have improved materially during the last 25 years and all of us point with pride to the relations between our government and the great country which lies to the North of us. Progress is being made throughout the free world. It is the earnest hope that the United Nations may point the way to the ultimate solutions of the many sombre and confusing problems which confront freedom-loving people all over the world. We believe our representatives, along with those of other nations, shall be able to convince these governments that are antagonistic to democratic processes of the folly of their ways and will ultimately influence them to work toward peace and good will among the nations of the earth.

Immediate failures to accomplish international harmony should not lead to despair of ultimate success in so noble a purpose. Patience and perseverance, honesty and sincerity and unyielding faith shall surely not be unrewarded.

B. Brotherhood of man.

Religious Liberty has created in America a wholesome attitude toward men everywhere. We believe in the "Brotherhood of Man." We believe that men can get along. This we have demonstrated. People of every nationality make up this country and through their cooperative efforts these people from every part of the earth have built the world's greatest economy. If peoples of all types can work together in one country it appears reasonable to hope that the same harmonious relationships can be developed among men of all countries.

We should believe in the brotherhood of man for we are the resulting generation of the combinations of many peoples. In my veins, there circulates a compatible mixture of Dutch, German, English and Irish bloods. I would not part with any one of these at any price. Your multiple ancestries are equally sacred to you. All of us are akin one to another and to peoples of ages past. We enjoy the wonderful and glorious freedom that our foreparents prayed might be the heritage of their children.

C. Reverence to God.

American people are essentially religious. Their freedom in religion has stimulated their reverence for God. The fundamental principles of their economy are in perfect harmony with His teachings. Religious Liberty has made people realize the goodness of God to them and to be aware of His mercy in their failures to render reasonable service to Him.

It is significant that, despite all economic, social and political difficulties new churches are being built and old churches are being renovated in your town, in my town and everywhere in the nation. The church has proved to be the most effective avenue of approach to the Supreme Being. It is the major force in the advancement of human values. It is the stabilizing influence upon human society. It signifies the hopes of men for life eternal. It is my prayer and I am sure it is yours that Americans may never turn away from the God that has and continues to so bountifully bless them.

The development of these four factors has brought America to its enviable position among the nations of the earth. America will continue to grow so long as these principles are pursued. The sacrifice of any one will reduce the values of the others.

I am confident that America will not only never fall victim of ideologies contrary to its heritage but will go on to yet unimagined heights. It should be cautioned that America will not be preserved in Washington alone. It will not be continued at the United Nation Assemblies. The responsibilities must be assumed by the people in your community and mine and throughout the land.

An economy of, by and for the people can be maintained and increased only by the people but for all the people. On the jungle islands in the seas and on sacred plots of the continents across the oceans, there are white crosses, row after row of them, each one of which is a testimony of the dreams, hopes and love of a boy, your son, your brother or mine, for America. They who lie there in eternal rest thought enough of America to die for it. We cannot be worthy of their sacrifices if we do less than live for it and pay whatever price that may be required to preserve it and exert whatever efforts required to enrich its heritage.

To those who have died let us all pledge that "The freedom that they through supreme sacrifice gained shall by us irrespective of sacrifice be maintained." "Liberty for which they fought shall be denied to none" and "The ugly head of stateism which they crushed shall never rise to thrust its venomous fangs into their posterity." ★★★

PROGRAM HIGHLIGHTS

39th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

The Roosevelt Hotel, New Orleans, Louisiana, June 22-25, 1953

Monday Afternoon, June 22 . . .

The Credit Forum
Grand Ballroom, Roosevelt Hotel
2:00 P.M. to 5:00 P.M.

Chairman, Henry C. Alexander, Belk Brothers Company, Charlotte, North Carolina, First Vice President, National Retail Credit Association.

"A Look Ahead," Paul Millians, Vice President, Commercial Credit Company, Baltimore, Maryland.

"Bank Charge Account Plans," J. C. Gilliland, Pullman Trust and Savings Bank, Chicago, Illinois.

"Birmingham Results Under Chapter 13 of the National Bankruptcy Act," John L. Guyton, Mutual Savings Credit Union, Birmingham, Alabama.

"Credit Education in High Schools," E. Bland Cresap, Credit Bureau of Colorado Springs, Colorado Springs, Colorado.

"Credit Management Institute Program," David Blair, H. Liebes and Company, San Francisco, California.

"Credit Schools," Sterling S. Speake, Retail Credit Specialist, N.R.C.A., Austin, Texas.

"District Programs," J. H. Fisher, Meier and Frank, Portland, Oregon.

Tuesday Morning, June 23 . . .

8:45—Assembly—Grand Ballroom, Roosevelt Hotel
Community Singing
Song Leader, William F. DeVere, Cheyenne Credit Bureau, Cheyenne, Wyoming

9:00—Call to Order
"Welcome to the Conference"
O. W. Frieberg, American Trust Company, San Francisco, California, President, National Retail Credit Association
Invocation
In Memoriam

9:15—Report of Nominating Committee
(Annual reports of Officers and Finance Committee will be published in the July and August Credit World)

9:20—Greetings
Francis Auger, Credit Bureau of Orlando, Orlando, Florida, President, Associated Credit Bureaus of America
Nelle Stombs, Eddie Gippert Motor Sales, Rock Island, Illinois, President, Credit Women's Breakfast Clubs of North America

9:45—Panel Discussion, "Credit Sales Promotions"
Moderator, W. J. Tate, Charles Ogilvy Limited, Ottawa, Ontario, Canada, Second Vice President, National Retail Credit Association
Panel—D. W. Bollman, Joseph Horne Company, Pittsburgh, Pennsylvania
Howard G. Chilton, Credit Bureau of Greater Fort Worth, Fort Worth, Texas
Mrs. Frances Geyer, Wilson Motors, Jackson, Tennessee
H. D. Jarvis, Burdine's, Miami, Florida
E. E. Paddon, Lammert Furniture Company, St. Louis, Missouri

11:15—"The Unfinished Dream"
Arthur C. Horrocks, Public Relations Counsel, Goodyear Tire and Rubber Company, Akron, Ohio

12:00—Noon—Introduction of:
Representatives of Exhibitors

12:15—Announcements and Adjournment

Wednesday Morning, June 24 . . .

9:00—Assembly—Grand Ballroom, Roosevelt Hotel
Community Singing
Song Leader—William F. DeVere, Cheyenne Credit Bureau, Cheyenne, Wyoming

9:15—Reconvene
Reports of Committees
Constitution and Bylaws
Credentials
Election of Officers

9:30—Panel Discussion, "Collections"
Moderator, Kaa F. Blue, Foundation Plan, Inc., New Orleans, Louisiana, Third Vice President, National Retail Credit Association
Panel—Dale Boley, Adjustment Department, Credit Bureau of Greater Kansas City, Kansas City, Missouri
L. A. Dudding, Galperin Music Company, Charleston, West Virginia
Charles S. Gallagher, Farmers Union Hardware Company, San Jose, California
Mrs. Caroline Harmon, Gumble Furniture Company, Troy, New York
Frank W. Price, Jean Hall, Seattle, Washington

11:00—"Pleasant Recollections"
Leopold L. Meyer, President, Meyer Brothers Company, Houston, Texas, Past President, National Retail Credit Association

12:00—Noon—Announcements and Adjournment

Thursday Morning, June 25 . . .

8:45—Assembly—Grand Ballroom, Roosevelt Hotel
Community Singing
Song Leader—William F. DeVere, Cheyenne Credit Bureau, Cheyenne, Wyoming

9:00—Reconvene
Action on Final Report of Committee on Constitution and Bylaws

9:15—Panel Discussion, "Serving the Credit Granter"
Moderator, Francis Auger, Credit Bureau of Orlando, Orlando, Florida, President, Associated Credit Bureaus of America
Panel—Rita F. Barnes, W. McPhillips Ltd., London, Ontario, Canada
Walter Graff, Credit Bureau of Lansing, Lansing, Michigan
Sherman Harris, Creditors Service Bureau, Houston, Texas
Donald H. Puffer, Credit Bureau of Greater Denver, Denver, Colorado
Robert D. Roberts, Union Oil Company, Los Angeles, California
Paul Selby, National Consumer Finance Association, Washington, D. C.
Rex A. Smith, Ben Simon and Sons, Lincoln, Nebraska
V. E. Svendson, Leon Godchaux Clothing Company, New Orleans, Louisiana
Clarence E. Wolfinger, Lit Brothers, Philadelphia, Pennsylvania

10:15—"You Can't Be a Boss"
John C. Faris, Manager, Customer Business Department, Union Electric Company of Missouri, St. Louis, Missouri

11:00—Annual Awards
Nelle Stombs, President, Credit Women's Breakfast Clubs of North America
International Achievement Awards
Harold A. Wallace, Executive Vice President, Associated Credit Bureaus of America, St. Louis, Missouri
Membership Awards
Lindley S. Crowder, General Manager-Treasurer, National Retail Credit Association

12:00 Noon—Introduction of Officers
Associated Credit Bureaus of America
Credit Women's Breakfast Clubs of North America
National Retail Credit Association

12:15—Announcements and Adjournment

Group Meetings

Tuesday, Wednesday and Thursday Afternoons
2:00 P.M. to 5:00 P.M.

Banking and Finance
Consumer Finance
Dairy and Baking
Department, Apparel and Shoe Stores
Furniture, Musical Instruments and Electrical Appliances
Hospitals and Professional
Newspapers and Publishers
Petroleum
Public Utilities
Smaller Business

Educational Exhibits

Addressograph-Multigraph Corporation
American Automatic Typewriter Company
Burroughs Adding Machine Company
Craig Machine, Inc.
Farrington Manuacturing Company
Remington Rand, Inc.
Robotyper Corporation
TelAutograph Corporation
Underwood Corporation

Registration Blank

New Orleans, Louisiana, June 22-25, 1953

Registration fee $15.00 for delegates and $7.50 for wives and members of the families of delegates.

Name ____________________

Firm ____________________

City and State ____________________

Will attend sessions of ____________________ **Group**

Date and Time of Arrival ____________________

My check is enclosed for $____________________

Make checks payable to Thomas C. Fischer, and mail to New Orleans Retailers Credit Bureau, 305 Baronne Street, New Orleans 12, Louisiana.

CREDIT DEPARTMENT Letters

LEONARD BERRY

AT A RECENT N.R.C.A. District Meeting a credit executive made the statement that he was attending the meeting with the specific objective of finding out what was new in credit sales promotion. He went on to say that the most valuable contribution his department could make to his firm's success these days was to stimulate credit business in every way possible. The significant thing about this comment was that it came from a credit executive who has built a reputation for vigorous and imaginative credit sales promotion for the past several years.

That attitude is sound. It is in positive credit sales promotion efforts that the credit manager reveals his "plus" value to his firm. Of course, he must fulfill his *protective* function but when his efforts bring additional sales volume, his role is a vastly more important one. We have said before in this column that at least one-third of the executive's time should be devoted to credit sales promotion.

People have money to spend. Even with the heavy tax load, disposable income amounts to well over half total income. Certainly merchants have goods to sell. Is there a single item in short supply? Yet, sales are not coming easily. Customers must be *encouraged* to buy. "Credit" must share with "sales" the responsibility for boosting volume.

The thousands of balanced or blank monthly statements that are thrown away each month because the accounts are inactive are just so many golden opportunities wasted. Money has been spent to prepare the statement; surely the little more needed to imprint a message and mail is a sound investment.

It should be standard practice to devise an impelling message to go on each blank monthly statement and then mailed together with the same enclosures that go to the active accounts, for six months. There is plenty of opportunity here for imagination and inventiveness in preparing such messages. N.R.C.A. stickers are widely used for this purpose.

After six months of such consistent follow-up a personal letter should be written designed to get the inactive account customer to respond in some way. A final letter should be sent three months after that. If still no renewal of activity, or reply, the ledger sheet should go into the inactive file and the addressograph plate likewise. Thus all reasonable efforts have been put forth to induce the customer to return, and the ledgers are automatically cleared.

The rewards from this relatively inexpensive and simple inactive account procedure will surprise those credit managers who have not adopted such follow-up. Shopping habits and store allegiances are founded on the realization by the customer that patronage is appreciated, and absence noted, just as much as they are on good merchandise and favorable location. Right now, at the upsurge of a new buying season, is a good time to remind your inactive customers that credit facilities are still available to them and that their return to the fold will be cause for rejoicing.

This Month's Illustrations →

Illustration No. 1. We are often asked for new and novel ways of using blank monthly statements for credit sales messages. Here is one we consider outstanding. Miss Bette Fox, Credit Manager, Palais Royal, Lafayette, Indiana, reports excellent results with it. The striking effect of white print on a black background adds force to the copy. Note the different closing, "Cheerfully yours." With the facsimile signature of the General Manager of the store the mailing piece is definitely personalized and attention-getting.

Illustration No. 2. Here is a splendid new account acknowledgment letter. C. W. Cranford, Credit Sales Manager, Morris Jewelers, Waco, Texas, tells us that the use of the N.R.C.A. booklet, *The Good Things of Life on Credit,* sent to new credit customers has brought a gratifying response. Incidentally, we will be glad to send a free copy of this inexpensive and effective booklet on request. The letter is dignified and cordial . . . terms of the account are seemingly buried in the postscript, but in actuality emphasized by so doing.

Illustration No. 3. J. T. Pool, Credit Manager, Bancroft-Whitney Company, Law Book Publishers, San Francisco, California, tells us that he discontinued the use of form collection letters sometime ago and now uses a series of printed cards, mailed in window envelopes (two of which are shown) and accompanied by return envelope. Mr. Pool says, "One of the best features of the card series is embodied in their complete impersonality, and as a result, a complaint over this particular approach for payment is very rare indeed." Members will note that in each case the amount owing is clearly stated, an important point sometimes overlooked in setting up such a printed collection notice series.

Illustration No. 4. A fruitful source of new charge account prospects is usually to be found in the C.O.D. list. Joseph P. Garcia, Director of Accounts, Bonwit Teller, Fifth Avenue, New York, writes that he has been successfully soliciting C.O.D. customers for years. Recently he adopted this form which is enclosed in all C.O.D. packages and he reports excellent results. We show the outside of the fold-over form, and the inside pages. The form is so designed that it becomes a self-mailer when folded, the side not shown being a business reply envelope. This form is printed in brown ink on canary yellow silver flake stock. Mr. Garcia points out that "the simple convenience of the form is the reason for its success." We would add that the general attractiveness and pleasing wording of the form also should make it appealing to customers of Bonwit's. ★★★

(1)

Palais Royal

LAFAYETTE, IND.

Mrs. John C. Customer
000 Main Street
Lafayette, Indiana

PHONE 8455 — AMOUNT REMITTED $

RETURN THIS STUB WITH YOUR CHECK — YOUR CANCELLED CHECK IS YOUR RECEIPT

ITEMS	CHARGES	CREDITS	DATE	BALANCE

You have us in the dark

And you are the only one who can help us find our way out.

I was reminded that you have not given us the opportunity to serve you lately. When a good customer stops buying, we start groping in the dark for a reason.

Since you haven't been in lately, you will be more than delighted to know that all our stocks are at the peak of completeness for Spring. Drop in and look them over. It was a pleasure to serve you before, and it will be a pleasure to serve you again.

Cheerfully yours,

General Manager

PLEASE BRING THIS STATEMENT WHEN PAYING YOUR ACCOUNT.

PALAIS ROYAL
LAFAYETTE, IND.

DIAMONDS • WATCHES • JEWELRY

Morris Jewelers
501 Austin Avenue
Waco, Texas

STERLING • FINE CHINA • SILVERWARE •

March 16, 1953

Mr. John C. Customer
000 Main Street
Waco, Texas

(2)

Dear Mr. Customer:

The fact that you have opened an account with Morris Jewelers pleases us very much. We appreciate this expression of your confidence and we promise our earnest efforts to be deserving of it.

The enclosed folder, "The Good Things of Life on Credit", suggests many ways in which your account will add to your shopping convenience. Please make full use of these advantages.

It is a pleasure to welcome you as a charge customer, and we look forward to serving you often through your account.

Sincerely yours,

C. W. Cranford
Credit Sales Manager

P.S. If the terms below are not correct please contact us. $10.00 each 5th beginning December 5th.

LAW BOOK PUBLISHERS — BANCROFT-WHITNEY COMPANY

(3)

Dear Customer:

We do not have a magic formula for collecting accounts unless there is "magic" in the words "courteous" and "friendly."

— A COURTEOUS REMINDER —

Your balance is $ 38.46 of which $21.19 is due.

— A FRIENDLY REQUEST —

Please send your check today in the enclosed prepaid envelope, and THANKS again for your patronage and co-operation.

Cordially yours,
CREDIT DEPARTMENT
BANCROFT-WHITNEY COMPANY

LAW BOOK PUBLISHERS — BANCROFT-WHITNEY COMPANY

(3)

March 16, 1953

Dear Customer:

We like to believe—
the admiration and respect we have for the members of the Bench and Bar is a reciprocal feeling,
the effort we have made and will continue to make to justify your confidence in us and our publications, has contributed to our mutual success,
the reminders of overdue accounts that we mail from time to time are received in the friendly and co-operative spirit in which they are intended, and—

We most earnestly hope—
we may be privileged to supply your law book requirements for many years to come.

Cordially yours,
CREDIT DEPARTMENT
BANCROFT-WHITNEY COMPANY

Balance Owing: $ 38.46
Amount Due: $ 21.19

---

(4)

Thank you for your C.O.D. purchase

...BUT

WHY NOT ENJOY THE MUCH GREATER CONVENIENCE OF CHARGE ACCOUNT SHOPPING

YOU ARE INVITED TO

"change it"

AT

BONWIT TELLER

NEW YORK • CHICAGO • CLEVELAND • BOSTON • WHITE PLAINS • PALM BEACH •

Just Look

(4)

at the advantages of Charge Account Shopping

Just say "charge it" when you shop at Bonwit Teller — by mail, phone or in person.

You save time . . . speedy, "no-waiting-for-change" service; no waiting at home for C.O.D.'s.

You save trouble . . . no carrying extra cash for shopping; business-like monthly statement serves for personal accounting and record, as well as income tax purposes in many instances.

You get advance information . . . advance notices of special events, latest fashion enclosures with monthly statement.

As convenient as your own club . . . your account permits you to "charge it" at any of our stores.

To arrange your charge account . . . fill in the form on opposite page. Detach and mail, or hand it to any sales person when shopping at Bonwit Teller.

BONWIT TELLER

Bonwit's way of making your shopping easier . . .

APPLICATION FOR A CHARGE ACCOUNT

(PLEASE PRINT)

(FIRM NAME)

PLEASE CHECK YOUR PREFERENCE ☐ Regular Charge ☐ O.T. Charge

You'll find a Bonwit Teller Charge Account an added convenience in shopping at any of our stores . . .
Simply fill out this application and drop in the mail.
No postage required.

CREDIT FLASHES

Consumer Credit Conference at Columbia

Fifty-four business executives will have an opportunity to meet with experts in consumer credit management this July to consider the problems and outlook for the consumer credit field in 1953-54. The scene of the discussions will be a four-day Consumer Credit Management Program which the Graduate School of Business at Columbia University is inaugurating in cooperation with a group of national and New York State business and financial associations. The program will be held at Arden House on Columbia's Harriman Campus, July 26-30, 1953. The National Retail Credit Association will be represented by Clarence E. Wolfinger, Credit Manager, Lit Brothers, Philadelphia, Pa., and a Past President of the Association.

Mid-Atlantic Council Annual Breakfast

The Credit Women's Breakfast Clubs of the Mid-Atlantic Council, District 12, held its annual breakfast, Hotel New Yorker, February 9, 1953. The council was honored by the presence of officers and representatives from the N.R.C.A., ACBofA, and the C.W.B.C. of N.A., the Northeastern Credit Bureaus, also past and present International officers of the C.W.B.C. of N.A. Officers and members of Districts One and Two were among the guests. The program included an inspirational message delivered by Charles B. McFee, Jr., Managing Director, Virginia Retail Merchants Association, who spoke on the subject, "What Are We Working For?"

Shown below is a picture taken of the head table. Standing, left to right, are: Francis Auger, President, ACBofA, Orlando, Fla.; Jayne White, Historian, Portsmouth, Va.; Emma Gehris, Past President, Reading, Pa.; Marcella Adamitz, Recording Secretary, C.W.B.C. of N.A., McKeesport, Pa.; Mrs. Agnes Moyer, Past President, C.W.B.C. of N.A., Reading, Pa.; and John K. Althaus, The Credit Bureau, Washington, D. C. Sitting, left to right: Mrs. Elizabeth Vaughn, First Vice President, Lynchburg, Va.; Mrs. Florence Wyatt, President, Richmond, Va.; Charles B. McFee, Jr.; Mrs. Daris Long, Retiring President, Washington, D. C.; Clarence E. Wolfinger, Past President, N.R.C.A., Philadelphia, Pa.; Francie Rowe, Past President, C.W.B.C. of N.A.; and Carl H. Roewe, Divisional Director, ACBofA, St. Louis, Mo.

Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Quebec, Canada, and Nova Scotia, Canada) will hold its annual conference at The New Ocean House, Swampscott, Massachusetts, April 26, 27, and 28, 1953.

District Three (Florida, Georgia, North Carolina and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi and Tennessee) will hold a joint annual meeting in conjunction with the 39th Annual International Consumer Credit Conference of the National Retail Credit Association, The Roosevelt Hotel, New Orleans, La., June 22, 23, 24, and 25, 1953.

District Eight (Texas) will hold its annual meeting at the Rice Hotel, Houston, Texas, May 17, 18, and 19, 1953.

District Nine (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting in Ogden, Utah, Hotel Ben Lomond, April 12, 13, and 14, 1953.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Empress Hotel, Victoria, British Columbia, Canada, May 17, 18, and 19, 1953.

Symposium on Credit at Pennsylvania

The first Pennsylvania Educators Symposium on Consumer Credit will be held at the University of Pennsylvania, April 17, 1953. This is the first Symposium of its kind to be held in the United States, where the traveling expenses of teachers from all parts of the state are being defrayed by a public-spirited group of banks, consumer finance companies, manufacturers, merchants, credit unions, etc. The N.R.C.A. will be represented by Clarence E. Wolfinger, Credit Manager, Lit Brothers, Philadelphia, Pa.

Dean Ashby in New Position

Dean Ashby, Credit Manager, Famous-Barr, St. Louis, Mo., and a Past President, N.R.C.A., has resigned effective April 20, 1953, to accept a position as General Credit Manager, The Fair, Fort Worth, Texas. J. Price Olive, formerly Credit Manager, The Fair, has assumed the position of Controller and Credit Manager, Meacham's, of the same city. W. O. Perlick, formerly Credit Manager, Meacham's, has been appointed Manager of the "Charge It" service, Texas Bank and Trust Company, Dallas, Texas.

Speake Conducts Successful Credit Schools

IN OUR JANUARY CREDIT WORLD we announced a new plan for conducting Credit Schools throughout the country. Sterling S. Speake, Retail Credit Specialist, on leave of absence from the Extension Division of The University of Texas is the instructor. So far, five successful credit schools have been held in Carlsbad, New Mexico; Albuquerque, New Mexico; Baton Rouge, Louisiana; Alexandria, Louisiana; and Shreveport, Louisiana. Other schools scheduled are: Dallas, Texas; Colorado Springs, Colorado; Montgomery, Alabama; Birmingham, Alabama; and Tampa, Florida.

In commenting on the Credit School held in Carlsbad, New Mexico, W. R. Middleton, Manager, Credit Bureau of Carlsbad, had this to say, "Please accept my thanks to your organization and the ACBofA for making it possible to have had Mr. Speake in our city to conduct a Credit School. Ours being the first program under this setup I wish to report that no Bureau Manager or Credit Association need be the least dubious as to its reception. Mr. Speake presented the course in such an interesting manner that everyone who attended not only received education but thoroughly enjoyed all the sessions. We had a total enrollment of 97 and an average nightly attendance of 84.5 which I consider to be excellent. This program of being able to bring in an 'outsider' to talk to our members is something that I am in favor of and hope that in someway it may be continued. I assure you that both organizations can count on my cooperation and any influence I might have with other Bureau Managers to support you in the continuance of this and any other program whereby it will be possible for me to have outside help with my members. This School gave my Bureau the best shot in the arm it has had in a long time."

More than 70 merchants and their employees were enrolled in the Credit School held in Alexandria, Louisiana. Comments from members of the class indicated that such a credit educational course was timely and a great deal of benefit was received. Mrs. F. A. Cotey, Manager, Credit Bureau of Alexandria, stated that she was well pleased that she sponsored the study course because it created a great amount of interest among the Alexandria credit people and many expressed the hope that the course would be repeated again at a future date.

In the Baton Rouge, Louisiana, Credit School, 70 credit people also enrolled. Sixty passed the final examination and became eligible for the N. R. C. A.'s Certificate of Proficiency. Those that attended became very interested in it and asked that they be allowed to bring their bosses and others to the last session of the school. All phases of credit procedure were discussed. The demonstration of credit interviewing was the high light of the school with E. M. Davis, Credit Manager, General Gas Corporation, acting the part of the typical credit applicant and Mr. Speake acting the part of the credit manager. The school was sponsored by the Credit Bureau of Baton Rouge, Elmer A. Uffman, Manager.

Chapin S. Carnes, President, Credit Bureau of Albuquerque, Albuquerque, New Mexico, reported that Mr. Speake did an outstanding job of conducting their Credit School and all those attending were most enthusiastic about the program. Shown below are two views of the Albuquerque credit school.

Each Credit School is set up on a four-night basis for two-and-one-half-hour sessions and covers all phases of credit and collections. The textbook, *Retail Credit Fundamentals*, 1952 edition, by Dr. Clyde William Phelps, is used as the basis for the course and a copy furnished each enrollee. The fee for the ten-hour course is $10.00 per person, including the textbook and all expenses. A minimum of 50 enrollments is required before a school can be conducted. The course is sponsored by the N. R. C. A. in cooperation with the ACBofA.

The 1953 Fall schedule for these Credit Schools is now being organized. Interested Associations or Credit Bureaus desiring to sponsor Credit Schools, conducted by Mr. Speake, should immediately contact Leonard Berry, Educational Director, N. R. C. A., 375 Jackson Avenue, St. Louis 5, Missouri.

Items of Interest From the Nation's Capital

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Skip Tracing Parallel: Terming the use of the word "free" in Book-of-the-Month Club advertisements as misleading and deceptive, the United States Court of Appeals for the Second Circuit affirmed the order of the Federal Trade Commission banning the use of the word "free" in the manner used in the Club's advertising and promotionary literature.

The Federal Trade Commission entered a cease and desist order in another skip tracing case, that of Benjamin D. Cole, Inc., Portland, Oregon. Like other cases, this one involved the use of deceptive and misleading names, such as "deposit forwarding system" and "federal deposit system." The Commission said these were deceptive, in that they indicated that respondent was in businesses other than operating a collection agency.

Cole used one other method which was novel and original. He represented through another form letter that he held for the recipient of such letter a cash or merchandise award offered by the sponsors of a radio show, and representing that the show was produced on Radio Station KLAC in Hollywood. The Commission ordered respondent to desist.

Consumer Buying: Last month we noted a Department of Commerce report covering a survey of capital investment prospects for large corporations in 1953 and 1954, indicating volume close to the 1952 level. It was suggested that this would take up the slack in governmental defense spending (January CREDIT WORLD page 18).

A statement by Walter Williams, Under-Secretary of Commerce, approaches the same subject in a different way. He believes that intensive sales campaigns can develop consumer purchasing that would compensate for any sag in government defense spending during the current year. Said Mr. Williams: "You could bring a case for pessimism in view of the fact that we don't have the huge backlog of consumer savings which helped bridge the drop from wartime expenditures in 1945. However, there are many consumer wants that are not satisfied. There is also a great and prosperous economy which presents a challenge to the sales abilities of retailers, wholesalers and manufacturers."

In its most recent *Quarterly Financial Report on Manufacturers*, the Federal Trade Commission had this to say on the financial position of corporations: "For the first time since Korea, there was an increase in the liquidity of manufacturing corporations. The ratio of cash and United States Government securities to current liabilities, one measure of corporate liquidity, increased from a low of 63 per cent at the end of March, 1952, to 67 per cent at the end of June. All size groups of corporations shared in this increase." This might indicate increased ability of corporations to carry out capital outlay plans, as indicated in the Department of Commerce report first mentioned above.

Monetary Policy: The National Planning Association, with offices in Washington, D. C., and among whose officers and directors Eric Johnson seems to take a leading part, has put out a number of pamphlets and reports of interest to the business world. One such is a timely report of particular interest to credit granters entitled "Monetary Policy to Combat Inflation." This and other published reports are available at the organization's headquarters, 1606 New Hampshire Avenue, N. W., Washington 9, D. C.

Senator Byrd continues his individual campaign to cut the cost of government and balance the budget. Latest proposal is the abolition of the Reconstruction Finance Corporation, saving perhaps certain activities or functions to be consolidated with existing agencies or departments. Government might realize one billion dollars from RFC assets to apply on the national debt.

Small Defense Plants: Activities of National Production Authority have been closing down rapidly, with termination date of major portions of the Defense Production Act of 1950 arriving April 30, 1953. Other sections continue to June 30, 1953. The Small Defense Plants Administration announces total figures on its program in aid of small firms: "So far under this program military contracts valued at approximately $326,000,000 have been earmarked exclusively for small business, and 446 awards totaling $72,711,000 in military contracts have been made to small firms."

New Start in Fair Trade Cases: The McGuire Act of July 14, 1952 was designed to make fair trade contracts applicable to non-signers, overruling the case of Schwegmann Bros., vs. Calvert Distillers Corp. The Georgia Supreme Court has handed down a decision that the fair trade law of that state is invalid. Court held that it conflicted with the Sherman Anti-trust Act, and was and remained invalid without regard to Miller-Tydings Amendment or the McGuire Act, since a statute unconstitutional when passed "is forever void." The Court said: "We . . . agree that the provisions of Georgia's fair trade act are not prohibited by the Sherman Act as amended by the Miller-Tydings Act and by the McGuire Act; but we do not agree to the contention that Georgia's fair trade act became valid, without reenactment, after the Sherman Act was thus amended. Since Georgia's fair trade act was contrary to and inconsistent with the terms of the Sherman Act before it was amended by the Miller-Tydings Act and the McGuire Act, it offended the supremacy clause as well as the commerce clause of the Federal Constitution." ★★★

Monthly CREDIT STATISTICS

ACCORDING TO THE Federal Reserve Board, here is the up-to-date information on current credit conditions for the month of January 1953. Consumer instalment credit outstanding at the end of January amounted to an estimated 16,555 million dollars, 42 million above the level of December 31. The increase during the month compares with declines of 196 million in January of 1952, 207 million in 1951, and 54 million in 1950. The expansion in instalment credit outstanding reflected a gain of 64 million dollars in instalment loan credit outstanding and a decline of 22 million in sale credit. An increase of 109 million in automotive sale credit was more than offset by a decline of 131 million dollars in other sale credit. A decline of 320 million dollars in charge-accounts outstanding, largely seasonal in nature, reduced balances to an estimated 4,439 million dollars on January 31. Total consumer credit outstanding at the end of the month is estimated at 23,734 million dollars, 239 million below the preceding month-end but 3,608 million above the level of January a year ago.

CONSUMER INSTALMENT SALE CREDIT

[Estimated amounts outstanding. In millions of dollars]

End of Month or Year	Total Excluding Automotive	Department Stores and Mail-Order Houses	Furniture Stores	Household Appliance Stores	Jewelry Stores	All Other Retail Stores
1941	1,805	469	619	313	120	284
1943	641	174	271	29	66	101
1945—June	575	150	254	42	38	91
1947—June	1,312	423	427	168	87	207
1948—June	2,118	720	621	322	121	334
1949—July	2,399	766	730	404	121	378
1950—July	3,349	1,081	976	597	*	695
1951—July	3,112	1,022	854	590	*	646
1952—January	3,360	1,129	933	592	*	706
February	3,231	1,082	909	567	*	673
March	3,156	1,060	893	548	*	655
April	3,153	1,064	894	541	*	654
May	3,250	1,101	924	551	*	674
June	3,367	1,132	954	582	*	699
July	3,442	1,142	974	612	*	714
August	3,515	1,166	995	625	*	729
September	3,631	1,217	1,013	648	*	753
October	3,771	1,278	1,045	666	*	782
November	3,879	1,333	1,069	672	*	805
December	4,200	1,461	1,147	709	*	883

*Included with all Other Retail Stores.

Ratio of Collections to Accounts Receivable[1]

Month	Instalment Accounts				Charge Accounts
	Department Stores	Furniture Stores	Household Appliance Stores	Jewelry Stores	Department Stores
1944—December	37	19	28	33	62
1945—December	37	20	30	31	61
1946—December	36	21	26	30	54
1947—December	29	16	21	21	54
1948—December	25	14	15	20	53
1949—December	20	10	12	16	52
1950—December	18	11	10	*	49
1951—December	19	11	12	*	45
1952—January	19	10	13	*	47
February	18	10	13	*	45
March	20	11	13	*	48
April	18	10	13	*	48
May	19	11	13	*	48
June	18	10	12	*	46
July	17	10	12	*	46
August	17	11	11	*	46
September	18	11	12	*	47
October	18	11	11	*	47
November	17	10	11	*	48
December	17	10	11	*	48

[1]Ratio of collections during month to accounts receivable at beginning of month.

*Collection of these data discontinued.

DEPARTMENT STORE SALES BY TYPE

(Percentage of Total Sales)

Year and Month	Cash Sales	Instalment Sales	Charge-Account Sales
1944—December	64	4	32
1945—December	64	4	32
1946—December	57	5	38
1947—December	54	7	39
1948—December	53	6	41
1949—December	50	8	42
1950—December	50	8	42
1951—December	49	9	42
1952—January	48	10	42
February	48	10	42
March	48	10	42
April	48	9	43
May	47	10	43
June	47	10	43
July	48	11	41
August	48	11	41
September	46	11	43
October	46	11	43
November	47	11	42
December	49	9	42

ESTIMATED CONSUMER CREDIT OUTSTANDING BY MAJOR PARTS, IN MILLIONS OF DOLLARS

End of Month or Year	Total Consumer Credit	Total Instalment Credit	Instalment Credit				Single-Payment Loans	Charge Accounts	Service Credit
			Sales Credit			Loans			
			Total	Automotive	Other				
1941	9,499	5,921	3,747	1,942	1,805	2,174	1,204	1,764	610
1943	5,158	1,939	816	175	641	1,123	1,034	1,498	687
1945—June	5,695	1,994	763	188	575	1,231	1,411	1,544	746
1947—June	11,380	5,065	2,192	880	1,312	2,873	2,512	2,887	916
1948—June	14,669	7,533	3,720	1,602	2,118	3,813	2,839	3,352	945
1949—July	16,187	9,331	5,009	2,610	2,399	4,322	2,768	3,123	965
1950—June	19,682	12,105	6,995	3,790	3,205	5,110	3,147	3,392	1,038
1951—June	19,256	12,955	7,234	4,041	3,193	5,721	1,399	3,804	1,098
1952—January	20,126	13,314	7,322	3,962	3,360	5,992	1,445	4,253	1,114
February	19,717	13,185	7,158	3,927	3,231	6,027	1,448	3,967	1,117
March	19,565	13,156	7,047	3,891	3,156	6,109	1,443	3,855	1,111
April	19,788	13,319	7,099	3,946	3,153	6,220	1,437	3,913	1,119
May	20 293	13,806	7,421	4,171	3,250	6,385	1,431	3,921	1,135
June	20,958	14,405	7,813	4,446	3,367	6,592	1,436	3,980	1,137
July	21,213	14,745	8,039	4,597	3,442	6,706	1,443	3,891	1,134
August	21,433	14,939	8,149	4,634	3,515	6,790	1,456	3,902	1,136
September	21,657	15,193	8,339	4,708	3,631	6,854	1,469	3,848	1,147
October	22,289	15,573	8,653	4,882	3,771	6,920	1,488	4,075	1,153
November	22,798	15,885	8,917	5,038	3,879	6,968	1,515	4,242	1,156
December	23,973	16,513	9,405	5,205	4,200	7,108	1,549	4,759	1,152

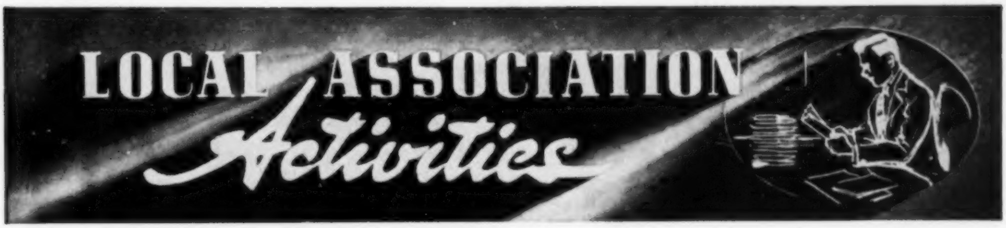
Comparative Collection Percentages

February 1953 vs. February 1952

DISTRICT and CITIES		DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
		1953			1952			1953			1952			1953			1952			1953			1952		
		AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
	Boston, Mass.	—	—	—	43.1	48.9	37.1	—	—	—	22.2	37.3	17.2	—	—	—	—	—	—	—	—	—	—	—	—
	Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1	Providence, R. I.	48.6	52.8	38.1	48.6	57.2	40.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Springfield, Mass.	57.6	61.4	53.9	60.3	63.9	56.8	22.0	23.4	20.6	28.1	31.7	24.6	—	59.2	—	—	59.0	—	—	50.5	—	—	52.1	—
	Worcester, Mass.	44.1	45.1	43.2	45.8	47.1	44.6	18.1	21.7	14.6	25.0	26.8	23.2	52.9	55.0	50.9	50.2	52.4	48.0	—	—	—	—	—	—
2	New York, N. Y.	46.2	50.3	41.3	45.5	50.8	40.4	15.1	19.7	14.4	19.4	22.1	16.0	40.0	44.9	34.0	42.4	44.3	39.5	47.4	49.3	45.6	52.1	54.3	50.0
3	Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	Birmingham, Ala.	42.3	55.9	36.0	42.2	53.8	36.0	16.8	19.8	14.0	18.1	22.7	15.5	50.9	93.0	34.6	46.8	69.3	31.8	46.9	47.3	45.0	50.3	52.8	48.0
	New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Cincinnati, Ohio	—	—	—	50.9	56.0	46.0	—	—	—	18.3	25.3	14.3	—	—	—	60.9	69.1	52.7	—	—	—	54.2	57.8	50.7
	Cleveland, Ohio	42.6	50.0	36.8	43.7	49.5	35.4	18.2	22.2	16.1	22.4	23.1	14.7	37.5	55.4	28.1	35.1	55.4	33.4	61.9	83.8	40.0	70.7	78.5	43.5
	Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Louisville, Ky.	43.9	45.1	42.7	45.7	48.5	43.0	14.5	17.5	11.3	17.4	19.0	14.5	42.6	45.5	41.0	41.1	41.9	40.3	46.6	57.0	42.1	45.4	52.2	40.6
	Ottawa, Ontario	40.5	40.6	40.4	37.2	43.7	31.7	29.3	36.5	22.0	15.8	18.7	12.9	—	—	—	—	—	—	—	—	—	—	—	—
	Toledo, Ohio	41.5	46.4	39.8	45.8	49.6	39.6	15.6	17.3	12.4	18.0	20.3	14.8	55.0	57.1	53.0	59.1	59.8	58.5	—	42.6	—	38.7	44.1	33.4
	Youngstown, Ohio*	—	37.2	—	—	34.1	—	—	15.9	—	—	17.3	—	—	—	—	—	—	—	—	53.5	—	—	54.5	—
	Cedar Rapids, Ia.	49.8	53.4	46.2	52.8	55.4	50.2	15.9	17.0	14.8	19.6	21.1	18.1		65.0			70.0		57.8	58.1	57.5	57.5	58.3	56.6
	Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Des Moines, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Minneapolis, Minn.	52.3	59.3	45.7	55.2	62.2	49.6	17.0	19.0	14.7	21.4	22.2	20.2	—	58.3	—	46.8	57.1	36.4	49.8	52.4	49.0	49.9	53.3	43.3
	Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Sioux City, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Kansas City, Mo.	—	—	—	53.3	54.5	53.0	—	—	—	19.7	25.3	14.1	—	—	—	54.9	63.1	54.5	—	—	—	—	—	—
	St. Louis, Mo.	54.4	55.3	53.1	50.8	56.1	47.6	16.9	19.9	15.3	21.0	22.2	18.0	44.7	56.7	32.7	44.3	54.8	33.8	47.7	50.4	45.1	48.4	51.7	45.0
9	Denver, Colo.	46.3	48.6	36.1	49.7	54.4	35.2	16.5	20.1	11.0	20.3	23.0	17.8	46.2	47.8	44.7	48.5	50.8	46.2	46.2	47.8	44.7	48.5	50.8	46.2
	Salt Lake City, Utah	53.2	56.6	51.9	54.2	56.9	48.4	19.0	22.1	17.5	20.5	24.6	17.6	—	—	—	—	—	—	47.6	50.2	45.0	46.8	49.7	44.0
	Spokane, Wash.	—	48.0	—	—	54.5	—	—	14.0	—	—	15.6	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Victoria, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Los Angeles, Calif.*	53.5	69.5	38.3	50.3	57.1	43.2	17.3	18.3	14.9	18.3	20.5	17.4	—	—	—	—	—	—	46.8	69.0	43.6	51.3	70.3	45.5
11	Oakland, Calif.	54.9	60.1	50.5	56.5	58.2	52.2	16.8	16.9	13.9	17.7	21.5	17.3	53.5	57.7	49.3	57.2	58.3	48.4	—	50.0	—	53.0	58.3	47.8
	Santa Barbara, Calif.	57.8	63.1	49.0	58.4	63.5	50.1	—	—	—	—	—	—	54.7	62.0	49.6	57.4	62.0	51.7	54.9	60.0	46.1	56.7	62.1	46.6
	San Francisco, Calif.	43.8	48.9	38.1	48.2	55.1	40.8	16.2	20.1	15.3	19.2	20.7	19.1	43.5	44.4	38.7	44.3	46.2	42.0	46.4	46.9	41.4	47.4	50.0	42.8
	Baltimore, Md.	43.4	45.1	39.0	43.3	47.1	38.4	16.8	24.5	12.1	18.8	30.7	12.0	43.2	67.5	30.0	41.3	48.7	32.0	46.0	46.7	45.3	45.7	49.1	42.2
12	Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Washington, D. C.	41.9	47.0	33.2	37.6	46.0	31.2	13.7	18.7	11.1	16.4	20.6	13.1	—	—	—	—	—	—	—	—	—	—	—	—
13	Milwaukee, Wisc.	52.8	57.1	48.4	51.4	54.7	48.0	17.6	18.5	16.7	19.2	19.7	18.7	45.8	45.9	45.7	44.6	45.0	44.3	52.8	55.6	50.0	75.0	90.0	59.7 4-53

* Figures for January.

INSTALMENT ACCOUNTS outstanding at department stores decreased 2 per cent during January, a month during which some decline is usual. Balances at the end of the month, however, were 19 per cent above January a year ago. Collections on instalment accounts increased moderately, but the ratio of collections to first-of-month receivables decreased to 16 per cent, 1 point below the preceding month and 3 points below January of last year. Charge accounts outstanding at department stores declined seasonally during January. Balances outstanding at the month-end were 20 per cent below the level of December 31, but were 3 per cent above a year ago. Collections on these accounts increased sharply during the month, but the collection ratio decreased 1 point. The January ratio, 47 per cent, was the same as for January 1952. All types of sales at department stores in January were sharply below the seasonally high December volume. Cash and charge-account sales decreased 57 per cent while instalment sales dropped 49 per cent. Cash and charge-account sales were also slightly below a year ago, but instalment sales in January were 8 per cent above the same month last year.—Federal Reserve Board.



District Eleven at San Diego

At the annual meeting of District Eleven held in San Diego, Calif., February 15-18, 1953, the following officers and directors were elected: President, Charles S. Gallagher, Farmers Union Hardware, San Jose; First Vice President, W. H. Kleese, Columbia, Long Beach; Second Vice President, Ray C. Edwards, Smiths Clothiers, Oakland; and Secretary-Treasurer, Angeline Rizio, Appleton's, San Jose. Directors: S. A. Fibish, Livingston Brothers, San Francisco; Gordon McNary, San Diego Trust & Savings Bank, San Diego; W. E. Ryan, Broadway Department Store, Los Angeles; David Blair, H. Liebes & Co., San Francisco; Heloise Marsee, Eaton & Berry, Vallejo; J. A. Koverman, Desmond's, Los Angeles; Albert J. Clark, The Emporium, San Francisco; B. J. Delsman, General Petroleum, Los Angeles; T. J. Fahay, Union Oil Co., San Francisco; and Robert M. Wylie, Weinstock-Lubin, Sacramento.

District Thirteen at Evansville

At the annual meeting of District Thirteen held in Evansville, Indiana, February 22-24, 1953, the following officers and directors were elected: President, William A. Schenk, Ideal Pure Milk Dairy, Evansville, Ind.; Vice President, Ralph E. Dyreson, Illinois National Bank & Trust Co., Rockford, Ill.; and Secretary-Treasurer, Dorothe M. Bolte, Lyons Brothers Lumber & Fuel Co., Joliet, Ill. Directors: Oscar Spletter, Niss Furniture Co., Milwaukee, Wis.; W. H. Wittwer, Wolff, Kubly & Hirsig, Madison, Wis.; Francis J. Lukes, Schuster's, Milwaukee, Wis.; Marie Murray, Madison Newspapers, Madison, Wis.; Elizabeth K. Davis, Marshall Field & Company, Chicago, Ill.; Bessie Dunn, Robeson's, Champaign, Ill.; Francisca Kanne, City Service Cleaners, Peoria, Ill.; Mrs. Harriet Jewell, Robertson's, South Bend, Ind.; Robert Schmidt, Reifers Furniture, Lafayette, Ind.; and Paul R. Stimson, Finke Furniture Company, Evansville, Ind.

Vancouver, British Columbia, Canada

At the annual meeting of the Retail Credit Grantors' Association, Vancouver, British Columbia, Canada, the following officers and directors were elected: President, K. Annandale, Consolidated Finance Co., Ltd.; W. Kerr, Woodward Stores Limited; Treasurer, J. Baxter, Wolfe Chevrolet Oldsmobile Limited; and Secretary, Thos. Downie, Credit Bureau of Vancouver. Directors: H. C. Buker, Begg Motor Co., Ltd.; L. Groom, Imperial Oil Co., Ltd.; David A. Lesser, Le Roy Jewellers Limited; A. B. Gillespie, Sweet Sixteen, Ltd.; H. P. Evans, T. Eaton Co., Ltd.; Campbell Smith, Hudson's Bay Co.; Harold Bell, Bell and Mitchell; and Pat Murison, Bank of Montreal.

Salt Lake City, Utah

The new officers elected at the annual meeting of the Credit Bureau of Salt Lake City, Salt Lake City, Utah, are: President, Kenneth H. Matheson, Tri-State Lumber Co.; Vice President, Joe Sehee, Less Taylor Motor Co.; Treasurer, Clary Crooks, Associated Newspaper Agency; and Secretary and Executive Vice President, Harry P. Earl, Credit Bureau of Salt Lake City. Directors: Vernon Best, Utah Oil Refining Company; Harold Lambert, Burton Lumber & Hardware Company; Orson Richins, Prudential Federal Savings & Loan Association; Clary Crooks, *Salt Lake Tribune;* Roscoe Grover, First Security Bank of Utah; S. Heber Kimball, H. Dinwoodey Furniture Company; Kenneth Matheson, Tri-State Lumber Company; Arthur Ridd, Continental Bank & Trust Company; and Joe Sehee, Less Taylor Motor Company.

San Jose, California

The new officers and directors of the Retail Credit Association of San Jose, San Jose, Calif., are: President, Lydia E. Innes, Hart's; Vice President, V. E. Phillips, Golden State Co., Ltd.; and Secretary-Treasurer, Lee Walker, Hartfield Stores. Directors: Alicie Cornelius, Simoni Home Furnishings; Chas. S. Gallagher, Farmers Union Hardware; Win Johnson, Pacific Gas & Electric; and John M. Keddy, Mercantile Acceptance Co.

Official Notice

To All Members of the National Retail Credit Association:

You are hereby notified that the 39th Annual International Consumer Credit Conference of the National Retail Credit Association will be held in the city of New Orleans, Louisiana, June 22, 23, 24, and 25, 1953, for the election of officers and four directors at large, and the ratification of directors elected by the respective districts, also the installation of officers and directors and the transaction of such business as may properly come before the meeting.

Officers Whose Terms Expire:

President, O. Willard Frieberg, San Francisco, California; First Vice President, Henry C. Alexander, Charlotte, North Carolina; Second Vice President, William J. Tate, Ottawa, Ontario, Canada; and Third Vice President, Kaa F. Blue, New Orleans, Louisiana.

Directors' Terms Expiring in 1953:

The terms of the directors for Districts 1, 2, 3, 4, 5, 6, 7, and 8, and four directors at large will expire at the Conference. The directors elected by Districts 1, 2, 3, 4, 5, 6, 7, and 8, will be ratified and installed for two-year terms and four directors at large will be elected and installed for two-year terms.

L. S. CROWDER
General Manager-Treasurer

Attest:
ARTHUR H. HERT
Secretary

for the Smaller Businessman

SALES PROMOTIONS • OFFICE PROCEDURES • CREDIT AND COLLECTION PROBLEMS

Question of the Month

CONSIDERABLE INTEREST has been manifested by our members in our new feature "Clinic for the Smaller Businessman." So much so that we submitted another question to our panel of experts.

QUESTION

It has frequently been stated that credit granters should always require a complete credit application from each new credit customer. I would like to know if this is meant to include those customers known to me personally but with whom I have not previously had credit dealings?

ANSWERS

R. M. Wylie, *Credit Manager,* Weinstock-Lubin and Company, Sacramento, California:

Actually, how much "credit wise" do we know about our friends?—sometimes it is rather surprising. Then too, without a credit report how much can safely be sold by other clerks in the event of your absence? Nothing so discourages good customer relationship as the delay of shipment when the customer believes his credit is established. It is recommended that reports be secured on all accounts.

W. O. Perlick, *Assistant Vice-President,* "Charge It" Service, Texas Bank & Trust Company, Dallas, Texas:

This is a highly controversial question and can be answered only in relationship to a specific business or town.

1. In a small town where almost everyone is known, detailed information on a credit application is not always necessary.

2. Should the individual be personally known to the merchant then details on his application can be filled in without the customer's help.

3. Your credit bureau should be consulted on each new application for your protection and to aid your customer in establishing file information in your bureau.

4. From strangers or newcomers to your town you will find very little resistance to detailed inquiries on antecedent credit experience. This should be done so your bureau has as much information as is available and they can transfer credit information from previous residence.

5. The key to obtaining credit information is not through a direct questioning method but rather through the medium of friendly sincere conversation. It is always a good idea to remember a portion of the information and fill it in later than to record this on an application in the customer's presence.

Eldon L. Taylor, *Secretary,* Glen Bros. Music Company, Salt Lake City, Utah:

Credit granters should always require a complete credit application from each new credit customer, and this should include customers known to the credit man personally, especially personal friends, with whom he has not previously had credit dealings. The best way to lose a friend is to grant him credit and then have to force collection. I speak from experience, having a few years ago permitted a man that I had known for years and whom I considered A-1 in every way, to charge a considerable amount, without checking with the credit bureau. It turned out that while his check had been good, he had suffered financial reverses and given up trying to maintain his credit standing. The account was eventually collected by the Collection Division of the Credit Bureau from his wife, who had obtained work to try and get her husband back on his feet. Needless to say, my former friend now avoids me.

J. E. Zimmerman, *Credit Manager,* Kirschman's, New Orleans, Louisiana:

Admittedly, there are circumstances where extension of credit to personal acquaintances is a social must; nevertheless, we might reflect on the fact that credit granting cannot always coincide with our personal likes and dislikes of individuals.

In the absence of a complete credit report, we are all too frequently only presuming or speculating on the soundness of our friends' financial position. Sometimes their personality alone is so commanding that we unhesitatingly accept them at their own estimates.

Securing a credit report will provide knowledge of the facts for a sound credit decision and in most cases enable you to go ahead confidently and sell a large bill of goods without hesitancy.

If the credit report is very slow, credit could be granted with reluctance. Should it be necessary to limit the extension of credit or decline credit purchases, the specific reasons are at hand and the matter can be discussed in a friendly yet businesslike manner.

Alexander Harding, *Credit Manager,* John H. Pray & Sons Co., Boston, Massachusetts:

There is an old saying "never judge a book by its cover" which should be a cardinal rule for a credit granter and particularly if that credit granter happens to be the store owner. The question of extending credit to personal acquaintances is always an embarrassing one for you are placed in the position of losing not only the friendship but also business of the party involved. However, I think that you most certainly should obtain file information

from the credit bureau. If the report from the credit bureau indicates that your friend has a poor credit reputation you are then placed immediately on guard should he become a slow account with you. If you have a credit manager in your store I would suggest that you advise your credit executive to watch the account carefully and have him or her personally handle the account. At least if you are aware of the fact that this friend is going to be a slow-paying customer you can make your own decision as to whether you want to extend credit or not. Do not, under any conditions, ever open a new account regardless of how well you know the customer personally unless you first obtain information from the credit bureau.

Mrs. Dorothy Bolte, *Credit Manager,* Lyons Brothers Lumber & Fuel Company, Joliet, Illinois:

I am a firm believer in getting a credit application on every new credit customer whether known to me personally or not, in the interest of uniformity, if for no other reason. There are many people whom we know on a personal basis but business relationships sometimes are not borne out by their personal appearance or their social strata.

The personal acquaintanceship basis for opening an account may have one relationship at the time the account is opened and quite another if the account continues to be used both as to amount and terms. In other words the initial sale may warrant extending credit on this basis but subsequent transactions may not. In the interest of good business practice a complete report and credit application should be secured on every account. It is difficult to draw the line on transactions of this nature, and nothing is more frustrating to credit personnel than to find an account requiring follow-up with no credit application on file.

Also, the personal acquaintanceship basis may preclude you from selling the account all you might sell him. He may have attributes which might make him a good prospect for more than he seeks on his initial purchase and which you might never discover except through a complete credit application.

Kenneth Oetzel, *Credit Manager,* Boyd's, St. Louis, Mo.:

It is important to get a complete credit application at all times. You may know the person socially, and he or she may be a grand person to be with, but you may not necessarily know his credit standing or financial position. A small amount may grow into a large balance at some future date and then it is necessary to know all the facts. From a sales promotion standpoint, you should know with whom you are dealing. Quality merchandise promotions should not go to those in lower income groups. Overbuying is probably one of the most important reasons for slow pay. Only a "Factbilt Report" will tell the entire story. Even though you may think you know all about your friend, you should get up-to-date information from your credit bureau. I know of a case where an individual was thought to be financially sound. After a check-up, it was learned that he owed many accounts and was never able to pay off.

Editor's Note: Help us to keep this Clinic going. Send us questions concerning credit and collection procedures and policies so that our panel may give you the benefit of their experience and expert opinion.

Credit Careers

Milton J. Solon

ON FEBRUARY 3, 1953, Milton J. Solon completed forty years of service as Credit Sales Manager of the Dayton Company, Minneapolis, Minnesota. In token of appreciation for his many years of loyal and efficient service, Mr. Solon was presented, by Mr. Donald Dayton, with a beautiful white gold lapel pin with three diamonds inset.

Mr. Solon was graduated from high school in June of 1907. During that same year he joined the L. S. Donaldson Company and his first job was in the credit department. He worked through every phase of the credit office and eventually became assistant credit manager. He resigned from this firm in November of 1912, to accept a position as credit and office manager with Kolliner Brothers and Newman Company, Stillwater, Minnesota, but worked there only a short time, resigning to accept a position on February 3, 1913, as credit manager of the Dayton Company, Minneapolis.

He was formerly a director of the National Retail Credit Association and was second Vice President 1927-1928. He is the only man to have the distinction of serving as president of the Retail Credit Association of Minneapolis for two terms, the first, 1914-1915, and the second, 1939-1940. He has been president of the Credit Bureau of Minneapolis since January, 1947, and president of Charga-Plate Stores, Minneapolis, since August, 1949.

He is one of the originators of the "Pay Promptly" campaign and is still very active in that regard. In 1926-1928, he served as chairman of the National Retail Credit Association Publicity Committee and in that capacity did outstanding work in providing copy and laying out ads, etc., which were used for many years by our members.

He helped organize and was one of the original directors of the Credit Management Division of the National Retail Dry Goods Association. At the present time he is a director of that same organization.

The National Retail Credit Association offers hearty congratulations to Mr. Solon on his outstanding service to the retail credit fraternity.

Observations on Credit Trends During the Past 25 Years

JAMES BROOM, A.C.I., *Manager*, Lumbermen's Credit Bureau Inc., Toronto, Ontario, Canada

IN LOOKING BACK over the past 25 years or more, it would appear that in those days credit information was not as complete as it is today. Credit Bureau reports seldom exceeded half a page; there was no information as to mortgages and loans; no information regarding the land or in whose name the properties were registered; no questionnaire forms were sent to customers; no customers were interviewed; and no financial statements were requested. It would appear also that little attention was paid as to whether a company was limited or not, and no information was given as to who were the registered owners of a partnership. Customers seldom dealt with more than 8 members at a time. Now we have sometimes to call 15 to 20 members before we can complete a report. Life must have been easy. Ledger information, as far as it went, was as complete as it is today but otherwise reports did not contain all the information that is so necessary under present conditions.

Perhaps it was expected of credit men to gather the information themselves. As conditions changed and credit became more and more an important part of our business life, it was rightly expected of the Bureau to gather all the information available and put it into the reports for the benefit of members. Despite all the benefits that accrued to members by improving reports, the changes were not always appreciated by members of the old school who felt that so much information was not necessary. I often wonder what they would say if they read some of our famous "three-pagers" that are quite numerous these days. Members pay for information and I feel that it is safer on our part to include everything we have learned than to omit something or to condense the report where it would not give a true picture of the situation.

Credit has come much more into the open during the past two decades. There was a time when members did not want a prospective customer to know that he was being investigated. This condition still exists among a few members. Why, I do not know. Every businessman knows the functions of Credit Bureaus and Mercantile Agencies. The large increase in consumer credit has educated the public that when they buy on the "$ down and a $ the week" plan, their credit standing is investigated. So, too, are builders being made aware that their affairs are investigated. This was quite evident a short time ago when four parties voluntarily called on the Bureau to furnish information. Several members make a point of directing prospective customers to the Bureau, which practice I heartily endorse. In many cases prospective customers feel that when a dealer advises them to call on the Bureau, a personal interest is being shown in them and it creates a good feeling on their part toward the dealer.

It is a far cry from what we looked upon as the normal year of 1925 to the boom years which we have been experiencing lately. We did have boom times from 1927 until 1929 or 1930. The depression caught up with the building trade a little later than other lines of business. But when it met up with us we felt it. We never kept track of the builders who got into difficulties, nearly all of them did, and the number must have been large. If the dealers had ever realized on the second mortgages, even third mortgages, and properties which they had to take over, they would have become rich men, but the arch-enemy of all credits, the first mortgagees, eventually cashed in on everything. Just before the bubble burst, many apartment houses were built and few of them remained in the hands of the original builders. Many places were finished by the creditors and credit executives spent a lot of time at creditors' meetings. It is my earnest wish that business never again reaches the low level that it did during those depression years, when in eagerness to get business, dealers would go to extremes and take chances which younger credit men would scarcely believe. They say that history repeats itself. I do not think we will ever have a depression or recession like we had in those dark days of the thirties. Business will slacken down sooner or later and we can be ready for it by sane and proper extension of credit at present.

Loss of Members During the Depression

It is interesting to note that while the Bureau lost a few members during the depression, only three resigned and operated without our services. One went out of our line of business and the other two returned to the fold in later years. Another firm resigned a few years later. Judging by the heavy losses they have sustained in recent years, it is time that they were back with us. During 1929 and 1930, we lost several members through amalgamations that were so common at that time. In a short time, 8 members lost their identity and were taken over by already existing members. This did not slacken the work to any extent because an overzealous employee of one of the members appeared to do nothing else but phone in names taken from building reports. It makes my blood boil when I think of all the unnecessary work he caused us before we caught up with him.

In business in general, there has been a decided and improved conception of the credit man and his duties. He was formerly the man nobody loved; the man whose ability was allegedly judged by the manner in which he could say NO; and whose success was measured by the smallness of the amount of credit losses, even if the smallness of the loss was brought about by the turning down of accounts that were not entirely gilt-edged. Following is a definition of a credit man, given in the early years of this century, supposedly by a salesman:

"Spawned in the light of the moon on a cold winter's night. Grew up with a head of stone, a heart of ice, mercury in his veins and no pity in his entire makeup. A beady eye, a sorry face, and a natural distrust of everyone. The very mention of his name and title would make strong men cringe, and those of lesser fibre either give up or take to the bottle. Knew only one word—NO—, trusted no one unless they could pay cash and his company kept him in the corner of the office away from everyone."

Do not believe it. Just as we credit men refuse to believe that all salesmen ran away with the farmer's daughter. But yet the definition was not entirely wrong. When I first came to the Bureau, there were many credit men who declined to take on an account unless it was first class. To mention the title Credit Manager to many old-time builders was enough to make them see red. An air of mistrust prevailed, brought about perhaps by the fact that in many cases the credit man was not consulted or brought into the picture until trouble had arisen. Over the years I have noticed a different feeling existing between the customer and the credit man. The former has been educated to know the credit man in his true light, and the credit man is more cooperative and has the idea of promoting more profitable sales instead of turning down borderline accounts.

Our business economy depends on credit more than ever. The day when the credit man was looked upon as being a glorified bookkeeper has gone. His new title in other lines of business is Credit Sales Manager.

No business can exist by selling only to first class credit risks. In our line of business, Capital is subordinate to Character and Capacity. We have many customers of limited capital who pay their trade accounts promptly; they are men who depend on their jobs to pay accounts but are honest and well meaning and have enough Capability to enable them to complete their jobs profitably. We must, in order to maintain sufficient volume, sell to many "borderline" accounts. It is in the handling of these accounts that the credit man can show his real worth. I do not think that every account that comes along should be sold on credit terms. If the customer's record is bad, the account should be kept on a cash basis. Many such accounts are taken on with the feeling that the account can be collected before the real trouble starts. The chance of success in selling this type is poor because so many of us just do not know when to get out and usually end up with a loss.

Value of Close Collection Procedure

In selling borderline accounts, all pertinent facts should be known and the account checked with the Bureau. A close collection procedure must be adopted and the account not allowed to drag. The shorter the time between the purchase and payment will allow more use and quicker turnover of capital. Money tied up in accounts receivable adds to the cost of doing business and it is, therefore, important that all accounts should be paid in good time.

Credit problems have not been serious in the past few years. A few are always cropping up. Like the poor and taxes, we will always have them with us. Cash sales are still to the front in some lines where materials are scarce. Other lines where materials are coming forward in greater supply are not reporting anything like the cash sales they did a year or so ago. The large number of cash sales reminded me of a verse from the Rubaiyat of Omar Khayyam, which goes like this:

> Some for the Glories of this World; and some
> Sigh for the Prophet's Paradise to come;
> Ah, take the Cash and let the Credit go,
> Nor heed the rumble of the distant drum.

I do not think that Omar would appreciate the application of his work to the prosaic and material affairs that we encounter in everyday business life, but I just could not resist passing up anything where cash and credit were mentioned. Anyhow, the cash is gradually going and we must think of credit sales.

The changes in doing business will have the tendency to lower gross profits. When this happens, dealers will check up expense accounts closely but will more than likely overlook the loss associated with accounts receivable, not of a current nature.

One can become too restrictive in granting credit but generally the trend is toward over optimism which leads to frozen accounts and heavy credit losses. There can be no happy medium unless a clearly defined policy, coupled with credit control, is established.

Establishing a Sound Credit Policy

The establishing of sound credit policy is a matter requiring considerable serious thought, for once a decision is reached, the policy to be effective must be applicable to all customers. There cannot be more than one standard if we want to be fair to all. Considerable attention is given to uniformity of terms. The company which allows one man to take 60 days to pay his accounts is giving him an unfair advantage over the man who pays in 30 days.

At a recent meeting, the speaker thought it a good idea not always to send statements out so that they reach the customers in the first few days of the month. He thought that every once in a while they should be sent out a little later, so as not to always be arriving at the same time each month. That was the only thing with which I did not agree with him. That may be all right in ordinary mercantile or consumer credit, but not in the building trade. The early bird gets the early worm, and the dealer whose statement reaches the customer first has the better chance of collecting. Statements should be mailed in good time, not only because it will facilitate the collection of the accounts, but if statements are sent out early, there is every possibility that the Bureau's list will be mailed in good time, and that is important. I often notice that where members are slow in sending in their lists, on account of their statements not having been mailed, their accounts are a little slower in being paid.

I believe that we in the building and construction industries have not given as much time and study as we should have to the proper training of credit men. As credit is becoming more and more such a vital part of our economy, we must be prepared to meet the ever changing conditions. Methods of building operations have changed in the past decade and there is a tendency toward large scale operations. Methods of financing and operations of limited companies are becoming more and more complicated all the time.

I am sometimes concerned when I hear of the large amounts of credit involved, wondering whether the

 (Begins on page 10.)

other instalment lenders that the buyers of automobiles, refrigerators and other consumer durable goods were good risks. It should be understood, of course, that their credit status could not be measured in the same way as that of the established business enterprise. There were no income statements, comparative balance sheets, ratio of quick assets to quick liabilities, or credit ratings established. There were ways of separating good and bad risks, however, and these ways could be learned.

On the other hand, there was the offsetting factor that instalment credit was a new and untried field for most commercial bankers. Instalment credit was quite a different operation from commercial bank credit. New techniques had to be developed. Policies and standards had to be established with little guidance from existing departments and personnel had to be trained in the new methods of operation. New ventures are almost certain to lead to unforeseen developments and not all of them are favorable.

The leader in this field was the National City Bank of New York which set up a special department for handling this type of business and this was a pattern for other commercial banks which saw the desirability of getting into the instalment lending field. It is interesting to observe that during the period 1929 to 1935, when other departments of commercial banks were writing off credits by the hundreds of thousands, National City's losses in instalment credits throughout that period were less than three-tenths of one per cent.

During the depression years and even in the late thirties, the movement of commercial banks into the consumer credit field lagged somewhat, but during World War II, and particularly following the close of the war, the growth was very rapid. It is now estimated that some 12,000 of the nearly 15,000 commercial banks in the country offer consumer credit in some form. A predominant number of them have established separate departments and provide this service as a regular and continuing function.

In 1936, commercial banks held only $250 million of instalment credit loans. Today, total outstanding is approximately $20 billion of which $14 billion is instalment credit. Of this amount commercial banks hold about $7 billion or approximately one-half. Banks today are the largest single lenders of instalment credit. Most banks engaged in this field have engaged experienced, trained finance men and placed them in charge of instalment credit. Other banks have followed the method of having commercial loan officers supervise consumer credit activities. Instalment lending is a specialized type of credit and where possible should be managed by men who know the consumer credit field and are familiar with the risks and hazards involved.

Much has been said recently about the inflationary influence of consumer credit. Many of the statements made cannot be substantiated by facts. Of the approximately $20 billion outstanding in consumer credit are included such accounts as department stores, jewelry and furniture stores and mail order houses. The $14 billion outstanding in instalment credit is not considered to be a dangerous total when it is considered that consumer expenditures for durable goods have advanced far more rapidly than has the increase in instalment lending. There simply has not been a wild spree of borrowing on the part of consumers to finance the purchase of durable goods.

Consumer credit will be of great value to the economy in the months and years ahead. We as a nation have been concentrating on enlarging our productive capacity. Private enterprise has spent a total of $27 billion in the last year and a half to increase productive plants and facilities. We are approaching a time when the emphasis of management throughout our economy must be placed on selling, rather than on production. During most of the postwar period there has been strong demand for relatively scarce customer goods. To a large extent manufacturers, wholesalers, and retailers have lost or neglected the art of successful selling.

Our national personal income is at a rate of $269 billion annually, the highest in history. In spite of this rate of personal income credit bureaus from coast to coast indicate that people are beginning to feel a money pinch and are paying bills at a slower rate. The need of investigating credit risks more carefully is apparent. Higher taxes and higher prices are responsible for this pinch. ★★★

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debtors have sufficient ability and their financing arranged to handle such amounts; also whether the creditors have given sufficient thought and study to the projects. A few of the larger companies have credit men whose duties are solely those of credit and collection men. Many other firms do not, or cannot afford to employ men solely for this purpose. These men have so many varied duties that they cannot act as efficiently as credit men as they should. During the past few years I have followed the work of the credit and collection profession in other lines of business and it is interesting to note how business in general recognizes the need for properly trained credit men.

A few years ago, one credit man in our line of business told me how surprised he was to learn how much credit was extended by the by-guess and by-God method, rather than by giving proper study to each large project. In one case he had discussed a large programme with credit men in allied lines of business and not one of them knew how much his firm was expecting to sell, what the cost was, nor how much profit could be expected. This may sound overzealous, or perhaps going a little too far. I do not think so, but it shows good judgment on the part of a thorough credit man.

To be properly trained, the efficient credit man must have a knowledge of salesmanship, accounting, law, psychology, economics, and in our field, a knowledge of building. Rather a formidable requirement, but a very necessary one. In addition to these he must be endowed with good common business sense, a willingness to work, the courage to make decisions and the strength to carry them out. ★★★

Signal Lights Direct Our Credit Traffic

CHARLES C. MANNING
***Manager,* Department of Accounts**
Paul H. Rose Corporation, Norfolk, Virginia

IN MID 1950 we installed a unique and highly successful system of credit control. Identified as the Signal Credit System it employs three steps—GO—CAUTION—STOP as the basic principles for the granting and control of credit. The objectives are twofold: To widen the range of credit buying to sound credit risks without subjecting the customer to embarrassing delays and inconveniences, and to enable both buyer and seller of goods and services to enjoy the mutual benefits of sound credit responsibility. The physical properties of the system consist of a pad of cautions; a pad of Stop Notices, in triplicate; and a folder explaining each step of the system and its purpose. After installation we ran a day-to-day check on the system's effectiveness and can report some interesting figures. Month in and month out we now depend on a collection percentage of 40 to 45 per cent on our open 30-day charge accounts and 17 to 19 per cent on our budget accounts. We believe this is an impressive record for any retail outlet. Of equal importance is the simplified method of operation. In the course of two years we have substantially reduced clerical time within the credit department.

Here is how we use the Signal Credit System: First of all, the padded notices are 3½" × 6" in size and can be conveniently filed for immediate use. For the sake of discussion let us say our daily tally sheet shows 20 accounts currently operating on an extended credit basis. The following morning caution notices are mailed to each, accompanied by the explanatory folder. Fifteen days later if no action is recorded, the first or original Stop Notice is used. This notice acts as a real warning to the customer. It brings home the importance of a good credit rating and in our case has been 70 to 75 per cent effective. If no action is recorded during the 15-day period the duplicate copy is filed with our credit association. It of course becomes a permanent part of the individual's record and records for future reference the individual's paying habits on the specific account.

On accounts settled after the filing date we mail the triplicate, or settled, copy to the credit association also for filing. We do not overlook the importance of up-to-the-minute infile information from our credit association compiled through the active use of this system by numerous local merchants. Referring back to the figures quoted in the opening paragraph it is interesting to note that these apply only to Stop Notices. On many accounts the Caution Notice is sufficient. In some months our return from the Caution Notice has run as high as 75 per cent.

After two years of experience with this system we feel it is the most effective medium of collection ever employed by our Corporation. Looking a step further into an intangible, the system educates as it works. It brings home to the individual the true meaning of credit and the part it plays in everyday life. We all realize the ultimate in credit relations between store and public to be 30-day payment in full. Such, of course, is not possible. If, however, we can promote better credit relations with our customers, increase our collections and build rather than jeopardize future business relations, we have come a long way toward our goal. ★★★

A Golden Educational Opportunity

EVERY RETAIL credit granter, or assistant in a credit office, and every principal of a firm doing a credit business, should be vitally interested in this highly significant educational opportunity. Months of planning and preparation have gone into it.

Under the joint sponsorship of the National Retail Credit Association, and the University of Oklahoma, a *Retail Credit Management Institute* will be held at the University of Oklahoma, Norman, Oklahoma, July 20-24, 1953. Individuals interested in developing themselves in credit work, and firm principals desiring to provide specialized training for their credit personnel will find this *Institute* truly a golden opportunity.

The *Institute* will offer five full days of lecture courses, plus two evenings devoted to open forum discussion, on matters relating directly to retail credit and collection management. A Certificate Award will be given to those successfully passing the optional examination. Subjects offered will be, "Retail Credit Fundamentals," "Credit Bureau Service," "Business Communications," "Accounting," "Business Law," and "Public Relations." Instructors will be staff members of the University of Oklahoma, National Retail Credit Association, and others.

In this modern credit economy retail credit management takes on new dimensions of required skills and specialized training. To reap the full benefits from the use of credit as a sales stimulant and customer service, competent people are essential. Reliance on guesswork and hit-or-miss methods are insufficient to cope with the complex problems arising daily. Credit is a powerful force that can increase a firm's profits if understood and controlled, or create serious problems if not.

This *Institute* is planned with the definite objective of providing that understanding and comprehension.

The cost for tuition, textbook and other classroom materials will be $25.00. Living accommodations are available on the Campus at $1.50 per night per person. Excellent low-cost meals are obtainable at Campus cafeterias and restaurants.

Norman, Oklahoma is centrally located, 18 miles south of Oklahoma City. Readily reached by all forms of transportation. The facilities of the University are unequalled for our purpose, and the surroundings offer a perfect environment for both serious study and relaxation. Oklahoma abounds in vacation possibilities should students wish to combine attendance at the *Institute* with their vacations.

All interested are urged to write to John B. Freeman, Director of Short Courses, North Campus, University of Oklahoma, Norman, Oklahoma, for full details. It is important to write immediately as the *Institute* will necessarily be limited to a number allowing personal attention to each individual student.—*Leonard Berry.*

Charge Account Financing

SEVERAL PLANS are now being offered to retail merchants, many of whom have, in the past, restricted their business to cash sales. It is anticipated that the convenience of charging merchandise will substantially increase the store's volume and, depending upon the location of the store and type of business, there should be a reasonable increase in sales.

Some plans call for a fee and, in addition, a percentage of charge sales, ranging from five per cent to seven per cent. Others, principally banks, charge no fee and the service charge is five per cent for accounts paid within 30 days and six per cent if paid in 60 or 90 days.

Any merchant interested in this type of financing should check the financial responsibility of the organization offering such a service.

Plans which provide for payment of sales checks on the day of receipt, less the service charge, and on a non-recourse basis, are preferred. Most bank plans provide for depositing charge sales checks in the same manner as bank checks, and the amount less service charge is available and may be checked against at any time.

To prevent the pyramiding of credit, all persons applying for accounts, under charge account plans, should be checked through the Credit Bureau. Accounts exceeding the credit limit or accounts past due should be reported to the Credit Bureau promptly.

It is important that the retailer know the financing institution and how it conducts its business. The improper handling of accounts may destroy, overnight, the good will built up throughout the years with the result that the store will lose not only charge volume, but cash business as well.

L. S. Crowder

General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION

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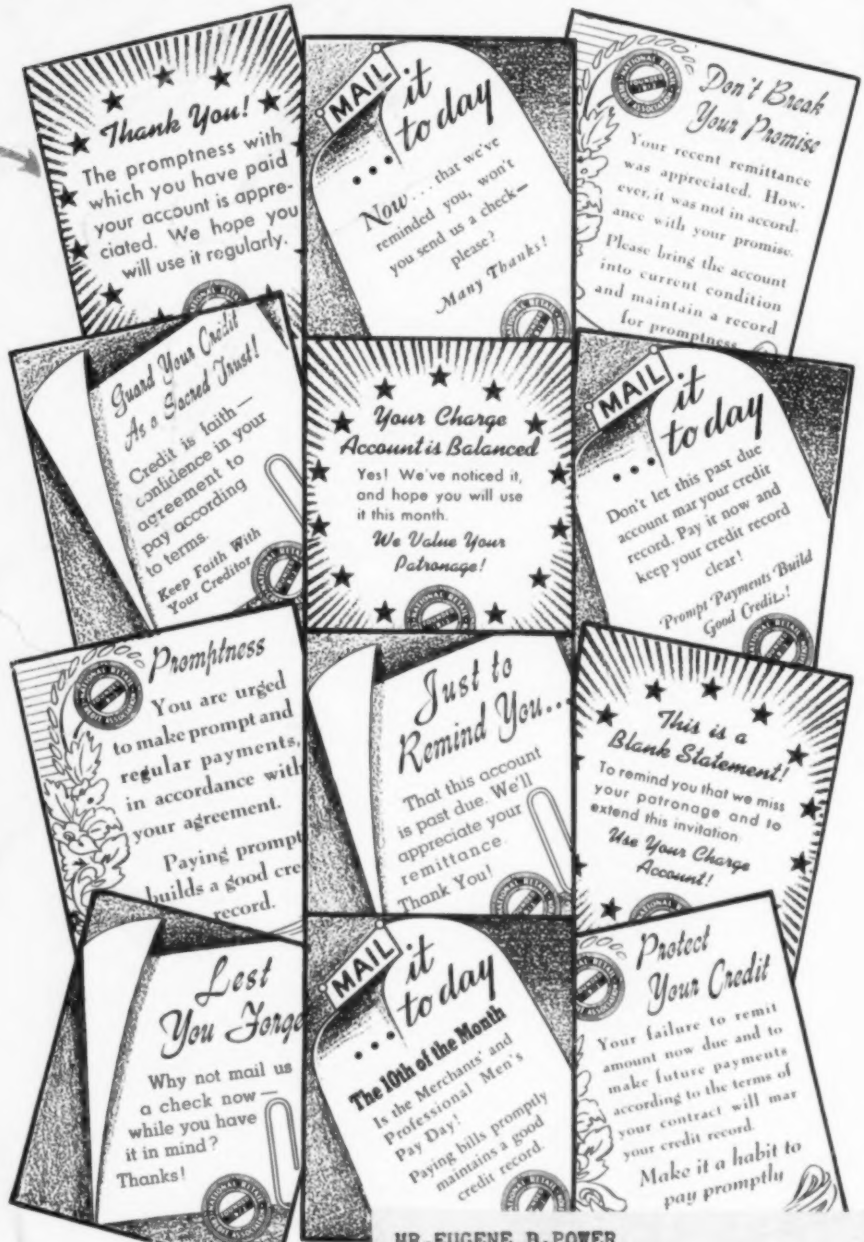

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